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SOUTH AFRICA
Shell's winning way with the ANC
Page 9

World News

US charges six BCCI men with money laundering

The US yesterday indicted six Bank of Credit and Commerce International officials, a leader of Colombia's Medellin cocaine cartel and a London company, Capcom Financial Services. The indictments allege racketeering and laundering millions of dollars of drug money through BCCI.

Those indicted include former BCCI treasurer and present head of Capcom Syed Ali Akbar, who was arrested in France earlier this week. The US Justice Department is seeking his extradition. Page 16

Japanese arrest
Japanese public prosecutors arrested former Kyowa Saitama Bank official Kazuo Toyama over his alleged involvement in an illegal loans scheme. Page 16

Polish power struggle
Poland's government launched a two-pronged attempt to introduce economic legislation without parliamentary backing and to gain greater powers for the prime minister.
Page 3

Liberia counter-attack
Fierce fighting was reported in Liberia. Soldiers from the army of Samuel Doe, the executed former Liberian president, invaded from Sierra Leone and clashed with troops supporting guerrilla chief Charles Taylor.

Cambodia flood aid
International donors are sending emergency aid to Cambodia, where the country's worst floods in 30 years have inundated farmland and made 150,000 people homeless.

China issues rebuke
China criticised three visiting US Congressmen, accusing them breaking the law by laying flowers in Beijing's Tiananmen Square to commemorate pro-democracy demonstrators killed in 1989.

Romanians seek ban
Romania's opposition National Liberal party presented a draft law to parliament asking for a ban on all communist and new-communist organisations. The move was aimed at preventing a Moscow-style coup.

Dutch traffic plan
Amsterdam is to have what the Dutch Transport Ministry says will be Europe's first car-pool lane to ease traffic congestion. The special motorway lane will be reserved for vehicles carrying at least three people.

Impermeable English
Japanese students anxious not to waste a moment for study can now buy a waterproof text book: "English Words for Learning in the Bathtub".

Diana Smith
A memorial service for Diana Smith, the former FT correspondent in Brazil and Portugal, who died in Madrid on August 23, will be held at 11 am on Monday at St George's Church, Rua da Estrala 4, 1200 Lisbon, Portugal. No flowers, but donations in her memory may be sent to the Cancer Prevention Research Trust, 36 Roehampton Vale, London SW15, UK.

Business Summary

Toyota seeks no-strike deal at new UK plant

Toyota, Japanese carmaker, has worried some UK trade union leaders with its proposal for what they regard as a no-strike deal for the company's new British plant in the Midlands. It also wants to delay pay talks until at least 1994.

Unions are concerned at the proposal for a "no disruption" deal under which disputes would be resolved by binding arbitration at the Acas conciliation service if they could not be resolved by negotiation. Page 16

GERMANY: Cuts in corporate taxes and a public spending squeeze were promised by German economics minister Jürgen Möllemann in response to concern by industrialists about the economy. Page 16

SALOMON Brothers: Standard & Poor's, US rating agency, followed Moody's Investors Service and downgraded the US securities firm because of the damaging effect the Treasury auction-rigging scandal was having on its financial position. Page 20

OCCIDENTAL Petroleum, California energy company, plans to sell its 51 per cent stake in IBP, largest beef and pork processor in the US, through a $360m rights issue to Occidental shareholders in a move to cut its heavy debts. Page 20

CANADA's foreign currency reserves rose 7.2 per cent last month to US$18.7bn, their second-highest level on record, helped by the popularity of the Canadian dollar. Page 4

INMOS, UK-based semiconductor manufacturer, acquired exclusive rights to manufacture and market IBM's new chips for generating personal computer graphics. Page 20

JAPAN plans to establish about 50 local committees responsible for handling applications by Japanese and foreign companies wanting to open large retail outlets after pressure from Washington to speed up the processing of such applications. Page 3

PANOCO Holding, Swiss-based parent company for Pan Ocean oil group, signed a $600m joint venture with Tatneft, petroleum administration of Tatarstan, Soviet Tatar autonomous republic, to develop seven oilfields with proven reserves of 1.69bn barrels of oil. Page 3

ROYAL Bank of Canada, the country's biggest financial institution, boosted net earnings by 13 per cent in the latest quarter to C$261m (US$229m). Page 20

BLUE CIRCLE, one of the world's biggest cement manufacturers, reported a 38 per cent fall in half-year pre-tax profits to £57.5m. Page 18; Lex, Page 16

OERLIKON-BUHRLE, Swiss industrial and armaments group which has been restructured over the past year, disclosed a first-half operating loss of about SFr200m ($131m). Page 18

INTERNATIONALE Nederlanden Group, newly formed Dutch financial services group, posted an 18.8 per cent increase in first-half net profit to Fl 746m ($382.5m) and forecast a "satisfactory" rise in full-year results. Page 18

Weekend FT

Tomorrow: The political secrets of John Major's power breakfasts

Why the Champagne price bubble is going to burst

Congress of People's Deputies clears way for republican power

Gorbachev wins backing for Soviet reform plan

By John Lloyd and Anthony Robinson in Moscow

CONSTITUTIONAL approval was yesterday given to a new era in the Soviet Union as the Congress of People's Deputies ended its three years of life and ushered in transitional bodies of power.

The new bodies will give the republics responsibility for maintaining – or destroying – what is left of the Union.

Agreement came grudgingly after Mr Mikhail Gorbachev, the Soviet president and chairman of the session, threatened to send the deputies home if they did not vote through a controversial clause in the law establishing the transitional structures.

The new clause lays down the size of the republics' representation in the revamped Supreme Soviet, the top legislative body.

The vote ensured a relatively rapid passage for the rest of the laws.

The result of the vote, said Mr Sergei Stankevich, former deputy mayor of Moscow and now a Russian state councillor, was that the union was now "half dead".

Mr Oleg Rumyantsev, chairman of the Russian social democrats, said that "at the end of the transitional period, either we will all be independent states or we will have some kind of federation."

It has also allowed Mr Gorbachev a life after both the coup and the end of the Communist party to which he had pronounced himself devoted for most of his life and which he killed off, apparently without regret, in order to stay in power in the post-Communist age.

The new bodies of power are a State Council, composed of the Soviet president and the leaders of the participating republics (presently 10 of the 15, excluding the three Baltic states, Georgia and Moldova).

An inter-republican economic committee, still to be formed, will absorb the old union ministries and attempt to organise an economic agreement.

There will be a reformed Supreme Soviet, in which the upper house, or Council of the Republics, will contain 20 deputies from each republic – with 52 from the dominant Russian republic and one deputy extra from each autonomous republic or area.

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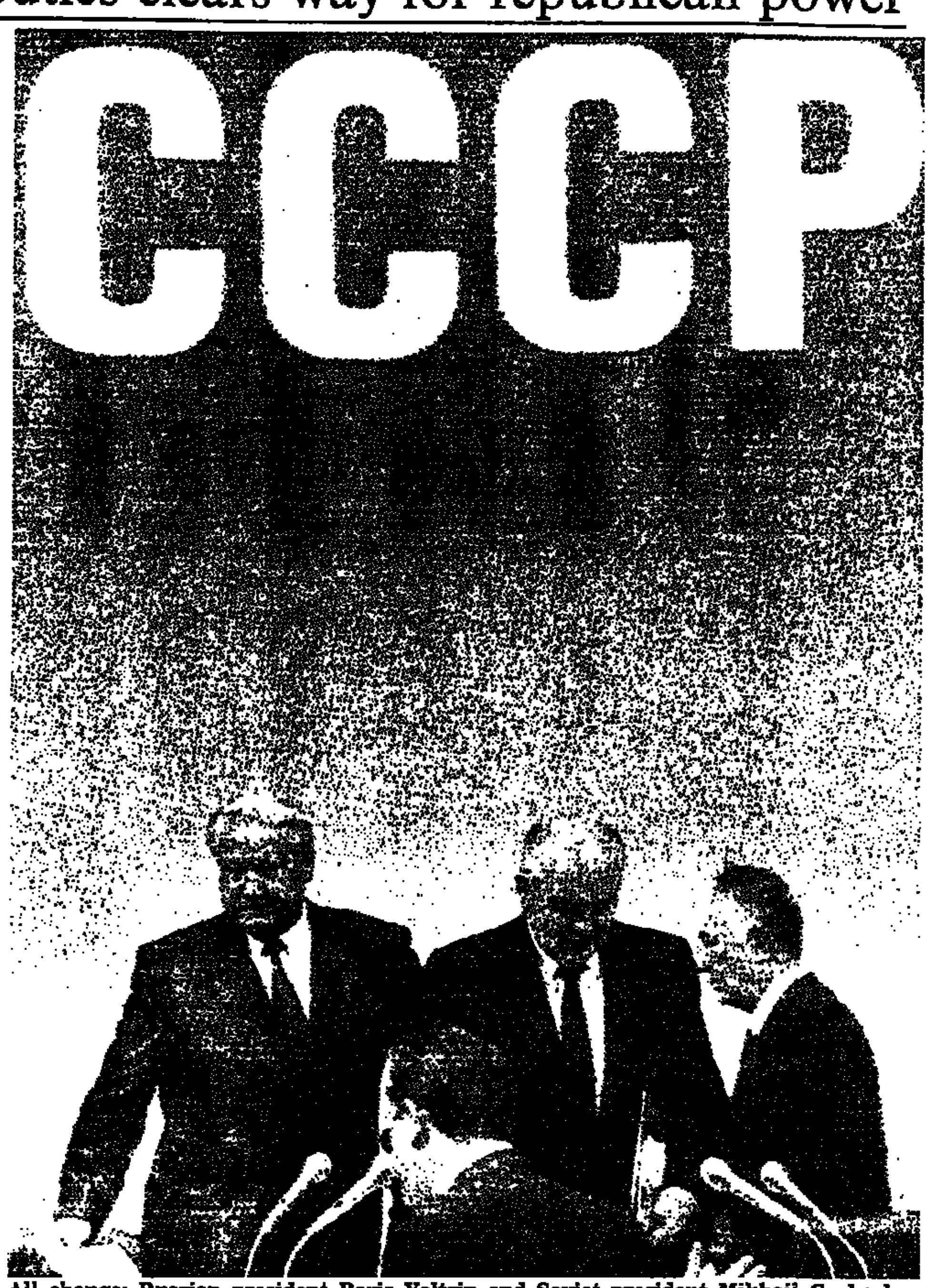

All change: Russian president Boris Yeltsin and Soviet president Mikhail Gorbachev take their seats during yesterday's final session of the Congress of People's Deputies.

EC set to proceed with Yugoslav peace talks

By David Gardner in Brussels and Laura Silber in Belgrade

THE European Community intends to go ahead with its planned peace conference on the future of Yugoslavia in The Hague tomorrow in spite of the escalation in fighting, the Dutch presidency of the EC insisted yesterday.

The final decision on whether to proceed will be taken today, when EC foreign ministers meet in Brussels to discuss closer relations between the Community and eastern Europe.

Lord Carrington, who is to chair the weekend peace talks, called for an end to the fighting before the conference – the first of its kind to be held under EC auspices to discuss events outside the Community. He said leaders of the Yugoslav republics would not be able to talk sensibly about the future while fighting continued.

In Yugoslavia yesterday, Serb paramilitary units fired mortar rounds at Osijek, the capital of eastern Croatia, and other towns in the region, and the death toll in the last two days of fighting in the area rose to at least seven.

For a second day, Serb militants manned roadblocks which sealed off Osijek's population of 156,000 from the rest of Croatia, and forced the closure of the main motorway linking the Croatian capital Zagreb with Belgrade, the Serbian and federal capital.

In spite of the fighting, all the Yugoslav parties – including Serbia – have now accepted their invitations to the conference, the Dutch presidency said.

EC diplomats yesterday made clear their expectation that the political head of steam which had led – at Tuesday's foreign ministers' meeting in The Hague – to the clear majority among the Twelve for an early peace conference, would still be evident today.

The Dutch, who currently hold the EC presidency, supported by the UK, had argued on Tuesday that EC monitoring of the ceasefire agreed last weekend would need to be effective to make a conference feasible.

But the majority, grouped around Germany, Italy and France, prevailed with the view that any delay would dissipate the political momentum for settlement.

It was privately expected that further violence would precede the conference, as both the Serbs and Croats sought to reinforce their bergaining positions.

Increasingly strident German threats to recognise the independence of Croatia and Slovenia unless talks go ahead have strengthened the likelihood that the conference will open tomorrow. EC diplomats are angry about Germany's departure from the agreed position of the Twelve.

Eastern approaches, Page 14

UK election fever grows as poll puts Tory party in the lead

By Philip Stephens in Hong Kong and Alison Smith in London

THE OUTBREAK of election fever in Britain spread yesterday when an opinion poll put the ruling Conservative party 4.5 percentage points ahead of its rivals.

Mr John Major, the prime minister, tried to dampen speculation over an autumn general election but refused to rule out entirely the possibility of a poll this year.

The survey, by Gallup in today's Daily Telegraph, shows the Tories on 39.5 per cent, with the Labour opposition on 35 per cent, the Liberal Democrats on 19.5 per cent, and other parties with a total of 6 per cent. A similar poll last month gave Labour a 5 percentage point lead.

The poll was taken before Wednesday's half a percentage point cut in interest rates which fuelled the current bout of election speculation. It is the first time since before Mr Major became prime minister that Labour's support has fallen from about 40 per cent.

Speaking in Hong Kong at the end of a tour which had also taken him to Beijing and Moscow, Mr Major repeated his determination to conclude agreements with Britain's European partners on economic and political union.

Those deals are due to be struck at the European Community summit in Maastricht in December and negotiations would be severely disrupted by a general election.

Referring to the speculation about election timing, he added: "I just hope that not too many people will take that almost inevitable day-to-day speculation too seriously."

Senior aides travelling with the prime minister said the timing of the interest rate cut had been dictated by the fall in inflation and by favourable market conditions and not by an election strategy.

The economy is expected to dominate the campaign and Mr Major's view is that although the recession has ended, a decisive upturn may not be apparent for six months.

Labour said the Gallup survey further emphasised recent polls' volatility, and contrasted it with one just three weeks ago which showed the party with a 9 percentage point lead.

Reassuring Hong Kong, Page 4; Analysis, Page 15

Thomson-CSF moves new missile production to Europe

By William Dawkins in Paris

THOMSON-CSF, the French state-controlled defence electronics group, is to move production of its newest ground-to-air missiles from the US to Europe.

Thomson is producing the missile in co-operation with its former rival Euromissile, the consortium of French state-owned Aérospatiale and MBB, the German aerospace group.

This could presage closer co-operation in other areas between Euromissile and Thomson-CSF.

Between them, Thomson and Euromissile hope to make 60 per cent of the short-range *ground-to-air* missiles sold outside the Soviet Union.

The missile concerned is the VT1, a short-range weapon which is much faster than existing missiles of its type.

The move is a response to hard-pressed defence ministries preferring refits of existing missile systems instead of ordering new ones, officials said.

"We are not merging all our missiles activities. We are just making an economic accord for this programme," said Mr Noële Clavelloux, director of Thomson's missiles systems branch. Thomson was prepared to increase co-operation with Euromissile step by step on a "pragmatic" basis.

The VT1 has been made by the defence division of LTV, the ailing US steel company, which has produced 1,000 examples for Thomson.

The French defence group asked LTV to develop the VT1 missile for it five years ago, for sale on the US market and to sell as a new generation of its own Crotale missiles, also marketed as the Shahine in the Middle East.

Euromissile will split production of the VT1 equally between France and Germany, for use in its Roland ground-to-air missile systems and for Crotale, formerly Roland's main competitor.

The VT1 can be fired from existing Crotale and Roland launchers, a cheap way of updating both systems.

The partners refused to divulge the price of the VT1, although Mr Jean-Louis Fache, director of Aérospatiale's tactical missiles division, estimated the potential market, the replacement of the 25,000 Rolands and 6,000 Crotales now in service, could be worth FFr30bn ($5.1bn).

Of that total, the VT1 could hope to account for 20,000 replacements, depending on how fast defence ministries chose to update ground-to-air systems.

The move follows Euromissile's decision last July to postpone indefinitely plans for a replacement for the Roland system for which it had placed a development contract with Matra, the space, telecommunications and transportation group.

Six months ago Thomson also signalled a change in policy by abandoning plans to pool its missiles business with British Aerospace in what would have been a formidable competitor for Euromissile.

Analysis, Page 17

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EC urged to prepare for wave of approaches from the east

The EC is piling up political and moral commitments from the Balkans to the Baltic. External Affairs commissioner Frans Andriessen (left) believes the Community should now consider adapting to cope with 24 member states
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MARKETS

STERLING
New York lunchtime: $1.6925
London: $1.693 (1.694)
DM2.945 (2.9425)
FFr10.0025 (9.995)
SFr2.585 (2.5825)
Y230.0 (229.5)
£ index 91.0 (same)

GOLD
New York: Comex Dec $351.4 (353.0)
London: $347.5 (349.0)

N SEA OIL (Argus)
Brent Oct $20.125 (−0.05)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.739225
FFr5.908
SFr1.5265
Y135.88
London:
DM1.74 (1.7365)
FFr5.9075 (5.9)
SFr1.5275 (1.525)
Y135.85 (135.45)
$ index 66.3 (66.2)
Tokyo close: Y135.32

US lunchtime rates
Fed Funds: $5\frac{11}{16}$%
3-mo Treasury Bills: 5.46%
Long Bond: $100\frac{7}{8}$
yield: 8.07%

STOCK INDICES
FT-SE 100: 2,663.3 (−1.3)
FT Ordinary: 2,092.5 (−1.7)
FT-A All-Share: 1,280.53 (+0.04%)
New York lunchtime:
DJ Ind. Av. 3,005.14 (−3.36)
S&P Comp 388.93 (−1.04)
Tokyo: Nikkei 22,499.65 (+96.96)

LONDON MONEY
3-month Interbank: $10\frac{5}{16}$ ($10\frac{3}{8}$)
Liffe long gilt future: Dec $94\frac{19}{32}$ (Dec $94\frac{13}{32}$)

THE SOVIET UNION

Marching to new orders: destination unknown

John Lloyd looks at the future for the Union's transitional bodies of power, now the People's Deputies have been bullied into acquiescence

THE Congress of People's Deputies went into oblivion yesterday without much spirit, either of revolt or of joy, easily bullied into acquiescence by Mr Mikhail Gorbachev, who has lost little of his skill.

Though it voted to set up transitional bodies of power, it had been a transitional body itself – existing in the change-over from the centralised Soviet system, dominated by the Communist party, to the new era which now begins.

Mr Sergei Stankevich, a Russian state councillor, graciously acknowledged that it was in the Congress that he and other democrats had received their early training as politicians. Yet "I don't regret its passing," he said, "indeed, I'm glad it's passed."

The historically minded among the deputies recalled January 5 1918, when Lenin's Bolsheviks, frustrated by the impossibility of getting the Constituent Assembly (the then parliament) to confirm their power, confirmed it themselves by locking out (and later locking up) the recalcitrant deputies.

Mr Gorbachev had made it clear that if the Congress did not vote for the new order, it would be decreed into place by himself: it did smack a little of Lenin.

The new structures of power have yet to be created, but their most urgent tasks are obvious.

First, the winter must be prepared for. As he came out of the hall yesterday, Mr Nikolai Ryzhkov, the former prime minister, talked with foreboding of the coming months.

The Soviet Union needs 100m tonnes of grain: so far, only 25m-27m tonnes have been gathered. "We might get 40m – but where does the rest come from? From abroad – but where's the hard currency?"

This is the prime task of all levels of government – inter-republican, republican, city and districts.

Schoolchildren, students, army personnel, pensioners and other workers are being wooed out to the country to gather in the harvest.

The farmers are being cajoled into selling with promises of higher prices (some in hard currency) and machinery and consumer goods.

Effecting these promises will need co-ordination. The machinery is made in one republic, but needed by many. It is not clear who will decide the priorities, nor whether inter-republican agreement can prevent the de facto creation of borders to stop republican produce going elsewhere – a process which has already started.

Second, an economic agreement must be signed. At least 10 of the republics agree on this – but their agreement is in principle, not on details.

The version of such an agreement proposed by Professor Stanislav Shatalin – apparently backed by Mr Ivan Silayev, the Russian prime minister, who chairs the Committee for Management of the Economy – though loose, enjoins common monetary policies and a single currency.

At present, although the centralised system is supposed to prevail, it does not. Republic central banks give unrestrained credit and some republics are planning to introduce their own currencies.

In order to get an effective economic agreement, republics will have to give up "freedoms" that they have already taken.

Third, an agreement must be reached on a new Union treaty.

Mr Yevgeny Primakov, Mr Gorbachev's close aide, said after the Congress that he believed such an agreement would be signed.

Mr Stankevich believes the same: "It is the rational thing for the republics to do, after an economic agreement is working." Rational it may be, but there are forces other than reason at work.

The republics have all declared independence and each of their parliaments will be considering any agreement. In this process, factors such as nationalist emotions and resentment against decades of Soviet/Russian rule are likely to come into play.

The elites of the republics are also now facing the dazzling prospect of having independent ministries, departments and foreign embassies.

In addition to this, they will also be adopting constitutions – which will take time. Only when this process is complete, and only if the economic facts of life then dictate to the republics that they need to pool sovereignty in order to survive, might they be in the mood for a new union.

Mr Boris Pankin: condemnation of coup attempt won him the job of foreign minister

New foreign minister favours co-operation and pragmatism

By Leyla Boulton in Moscow

THE first public appearance by Mr Boris Pankin, the Soviet foreign minister, yesterday coincided with the birth of a new Soviet Union.

Mr Pankin, who looks at least a decade younger than his 60 years, said that from now on foreign policy would be determined jointly with the republics forming the new-look union approved by the Soviet super-parliament yesterday.

"The foreign ministry ... will undergo certain changes," he said. "We will work in organic contact with the ... states which join our union."

Mr Pankin, a former editor of the Communist newspaper, Komsomolskaya Pravda, was until last week Soviet ambassador to Prague. But his immediate condemnation of the coup launched by senior government ministers on Monday August 19 won him the job of foreign minister to replace Mr Alexander Bessmertnykh, who was accused of being too quiet that day.

Mr Pankin said the defeat of the abortive coup was not only a victory for the people and the Russian leaders who resisted the putsch, but a victory for "international solidarity".

Given the radical change in the job description since the coup collapsed and the discredited old centre was forced to cede political supremacy to the republics, it seems quite fitting that a new man, of obvious calibre, should fill the job.

Although he was wearing a smart, almost flamboyant, double-breasted suit, his manner conveyed an opposite message of soft-spoken modesty and caution.

His answers were clear and to the point. He politely side-tracked questions he could not answer. When asked how the Soviet Union's Middle East policies would be affected by the changes, he said the question was good but went into a lengthy explanation of how policy would have to be worked out with the new sovereign Soviet states.

He said he looked forward to meeting Mr James Baker, the US secretary of state, next week but declined to say whether he would be seeking economic assistance.

Minister offers reassurance on N-arms

By John Lloyd in Moscow

MARSHAL Yevgeny Shaposhnikov, the new defence minister, yesterday again sought to reassure world opinion that the rapid drain of power away from the central government in the Soviet Union did not mean a loss of control over the Soviet nuclear forces.

"Nuclear weapons are under secure control. Even during the putsch, they were not accessible to anyone. Now, we have increased control over them many times. I ask you [the media] to calm down a world public," he said.

The minister gave no details, however, either of the control of the nuclear trigger during the coup, or of the increased control since.

He also said the Soviet military was moving in the direction of a professional army, though it was not yet ready to give up the draft.

Repeating his promise to shorten the two-year term of conscription Marshal Shaposhnikov said that conscripts would be offered a contract for further service of three to five years as professional soldiers, at full rates of pay, provided they were willing to serve anywhere in the Soviet Union.

This condition appears to mean that enlisted recruits will be allowed to serve in their own republics, which was one of the demands of some republican leaders before the coup.

The minister hoped that relationships with the west would be "widened and deepened", and admitted that he "had a dream" that junior officers and ordinary soldiers, as well as senior officers, would participate in exchange visits with western countries.

He had "taken an oath to himself" that the armed forces would never be used against the people while he was minister.

They would not guard republican borders, or interfere in the internal affairs of any republics, and would only guard installations at the express request of republican authorities.

The military would lease its land and hire out its trucks to earn money for its upkeep, he said. The "special departments" in the army, in which secret service agents kept watch on the soldiers, would be removed in consultation with Mr Vadim Bakatin, new chairman of the KGB.

Baltic gold tarnishes images

Kenneth Gooding reports on an issue embarrassing the UK and Sweden

EMBARRASSED politicians in Sweden and the UK are playing for time in the face of increasing pressure by the Baltic states for the return of gold they had on deposit in western banks in 1940 at the time of the Soviet takeover.

Their embarrassment is heightened by the fact that France already has given back gold claimed by the Baltics and the US has indicated it will probably do the same.

Unlike Britain and Sweden, the US did not hand the precious metal over to the Soviet Union but used it to keep the legations and consulates of the three Baltic states in New York and Washington.

While the amounts involved are tiny in gold market terms, the value to the three countries is enormous because the metal would provide credibility when they relaunch their own currencies. Most of the Baltic gold, nearly 14 tonnes of it with a value today of about \$146m (£86.3m), was in the UK. France returned 3.2 tonnes of gold, worth about \$36m at today's price; about three tonnes were held in Sweden and are now worth \$33.5m.

In the US the Baltic gold was placed under the control of the Office of Frozen Foreign Assets which said yesterday it was unable to provide details of the original amount or how much was left but was "working on it". However, the Bank of Estonia suggests that it deposited about 4 tonnes of gold – now worth \$45m – in the US.

The issue is reviving some painful memories in Sweden because it was the second country – after Nazi Germany – to recognise the Soviet regime occupying its Baltic neighbours. The Baltic gold was handed over to the Soviet Union in May 1941 as part of that recognition process in the expectation that Sweden would then regain control of its assets in the conquered countries.

Under the Wilson government Britain sold the Baltic gold in 1967 for £5.8m to settle some of the debts it claimed were due from the Soviet Union and distributed the proceeds to claimants in the UK and overseas.

Sir Frederick Bennett, vice-president of the Baltic Council of the UK, says members of all UK political parties regarded this "as a very shady deal".

The gold was held in trust, he says. "I don't doubt we did something which we knew was wrong and we did it because we never expected to be held to account because the then commonly held view was that the Baltic states would never exist again."

The Baltic states are taking every diplomatic opportunity to make their point.

Mr Lennart Meri, the Estonian foreign minister, raised the subject in Stockholm last week when he held talks with his Swedish counterpart, Mr Sten Andersson, on restoring diplomatic relations between the two countries.

This week Mr Douglas Hogg, the UK's foreign office minister leading the first British diplomatic delegation to Lithuania for more than 50 years, was also pressed hard about the gold but remained evasive. "We haven't any firm proposals but we want to be constructive," he said.

He suggested that, when Lithuania sends a technical team to London soon, it should discuss the gold question with the UK government's legal advisers "to see if we can find a solution which is acceptable to Lithuania and ourselves".

Such prevarication will not satisfy UK supporters of the Baltic states who intend to put as much moral and political pressure as possible on the Foreign Office to have gold returned as compensation in the shortest possible time.

Gorbachev 'endorses Baltic independence'

PRESIDENT Mikhail Gorbachev has endorsed a presidential decree recognising Baltic independence, according to a Lithuanian official who helped draft the decree along with other Baltic representatives, Gillian Tett reports from Vilnius.

Speaking on his return to Vilnius from Moscow, Mr Algis Cekuolis, Lithuanian observer at the Soviet Congress of People's Deputies, said Mr Gorbachev had asked the Baltic observers to draft a presidential decree recognising their independence.

After some modification from Mr Alexander Yakovlev, adviser to Mr Gorbachev, the president then endorsed it, Mr Cekuolis said.

Mr Boris Pankin, the new Soviet foreign minister, said yesterday that the State Council, the country's main new decision-making body, would discuss the issue of Baltic independence today, but he would not predict the outcome.

According to an early version of the document, leaked yesterday to the Lithuanian parliament, the decree condemns the 1939-40 Soviet annexation of the Baltics as illegal and recognises the independence of the three Baltic states "under international law".

It also accepts existing Baltic borders as inviolable and calls for the Soviet Ministry of Foreign Affairs to establish diplomatic relations with the three Baltic republics.

The document was initially greeted with scepticism from Lithuanian officials.

But Mr Cekuolis insisted Mr Gorbachev was prepared to endorse the decree. He said the president had delayed decisively settling the issue at the Congress because he feared the decree would be blocked by conservative deputies.

Even if he issues a decree, few Lithuanians expect the political and legal details of full independence to be settled soon. As the old central government structures dissolve there is doubt about which bodies have the authority to implement Baltic independence, or what weight a decree now carries.

Lithuanian leaders say they will not accept a presidential decree that simply recognises their independence without providing a guarantee and timetable for withdrawal of Soviet troops.

Protesters demand resignation of hardline Georgian president

CROWDS demanding the resignation of Georgia's autocratic president, Mr Zviad Gamsakhurdia, gathered yesterday as the republic's parliament closed almost all Georgian-language newspapers, AP-DJ reports from Tbilisi.

A resolution of the presidium of the Georgian parliament said it was necessary to close the newspapers "in view of an acute shortage of paper resources", the Tass news agency reported.

But opposition groups and local journalists said the move appeared to be aimed at giving the Georgian government greater control over the local media.

Ms Irina Sariahvili, spokeswoman for the National Democratic Party of Georgia, said in a telephone interview that the demonstrators were demanding the resignation of Mr Gamsakhurdia and his government, and new elections. Her party alleges that Mr Gamsakhurdia sympathised with hardliners during last month's abortive coup.

The party is also protesting against Georgian police whom they claim opened fire on anti-government demonstrators on Monday. Mr Gamsakhurdia accused the protesters of being "Kremlin agents" and firing first. Estimates of the number injured ranged from five to 30.

Mr Gamsakhurdia, a fierce Georgian nationalist, easily won presidential elections in June, and his republic declared itself independent from the Soviet Union before the attempted coup.

● The Crimea declared "independence" yesterday but made clear it was not breaking away from the republic of the Ukraine, Tass reported. The region's parliament voted to become an autonomous and independent republic within the Ukraine, which itself has declared independence.

Business head rejects aid

By Anthony McDermott

THE chairman of a new Soviet business organisation yesterday called for closer trade co-operation with the west rather than aid as the means to improve the country's troubled economy.

Mr Andrei Konovalov, head of the non-governmental interim Inter-Republican Economic Committee, said aid in the form of cash and advice – the UK government has proposed help in food production, distribution and storage – was not the answer.

Speaking in London after talks with the Confederation of British Industry, he also called for relaxation of restrictions by Cocom, the Paris-based Co-ordinating Committee for Multilateral Export Controls, on strategic materials.

Cocom was established in 1949 to curb the export to the Soviet Union and its allies of goods which could be used for military purposes.

Calm returns after bank's nightmarish week

Leyla Boulton talks to Yuri Moskovsky, the chairman at the centre of the drama

IT HAS been a relatively quiet week at Vneshekonombank, the State Bank for Foreign Economic Affairs, which handles most of the Soviet Union's foreign payments and services the country's \$62bn (£37bn) external debt.

Until last week, this mighty institution was in the clutches of a bankers' nightmare, which began on August 19 when the country's own government staged a coup d'état. In the days that followed, Vneshekonombank was treated like a pariah by its foreign partners, the bank's chairman was replaced but then reinstated, and finally the bank itself was hijacked by Mr Boris Yeltsin, the Russian leader, before being set free in a panic.

Mr Yuri Moskovsky, the chairman at the centre of the drama, said yesterday with a relieved smile that the only pressures on him now were "ordinary ones related to calculations and payments".

"I have been officially confirmed in my duties. We have a document signed by (Mr Ivan) Silayev, chairman of the committee responsible for running the economy, that confirms both my duties and those of the bank...The bank today is functioning as it should."

In a move which alarmed the western banking community, both he and Mr Viktor Gerashchenko, chairman of the central bank, were temporarily replaced last month by Russian Federation officials because of suspicions that they had collaborated with coup leaders. Both reject the allegations.

Mr Moskovsky, who rushed back from a business trip to France the day the self-proclaimed emergency committee announced it was taking power, said his first duty was "not to allow any disruptions to the work of the bank".

"As soon as they heard that a coup d'état had started, most banks sharply cut back, practically cut off operations with us. There were some days when there weren't even any quotations for our offers. (But) We continued to fulfil our obligations both towards our foreign partners and our own banks, despite the dramatic nature of political events."

After the coup collapsed, Vneshekonombank received a second blow. This was in the form of a decree issued by Russian President Boris Yeltsin, declaring that Vneshekonombank, along with the central bank and finance ministry could carry out foreign currency transactions only with the approval of the Russian Federation.

Mr Moskovsky and his colleagues feared that Vneshekonombank might be forced to default on its obligations since it amounted to a change in the bank's status. This is because some creditors reserve the right to call in their loans if such a change takes place.

But Mr Valery Telegin, the Russian Foreign Trade Bank chairman who had been nominated to stand in for him, returned to the bank with a document granting Vneshekonombank a general authorisation to conduct its operations as it saw fit. Mr Telegin had managed to convince Mr Yeltsin that the Russian Federation takeover also put it in danger of becoming liable for all Vneshekonombank's obligations.

Now that the Soviet Union has agreed to restructure itself into a genuine confederation and several republics are seeking independence, Mr Moskovsky is open-minded on how the republics should share out the country's foreign currency resources, and repay the foreign debt. "The form is not important. The important thing is that there should be an instrument allowing the diversion of part of the country's foreign currency earnings to servicing the foreign debt."

Mr Moskovsky is more conciliatory. "I think all republics clearly understand that entering the world community is not possible without fulfilling these obligations. The main task is that everything we received from banks of other countries must be paid back."

Asked whether the Soviet Union was now formally seeking to reschedule its debt, the 49-year-old banker again displays the caution and solidity which are his hallmark.

He says that he is not personally conducting any talks on this subject, but acknowledges that the debt repayments due this year and next are putting "serious pressure" on the economy at a time of turmoil.

His job in the mean time is "to do everything to manage situation: we are paying". He has also been told by the committee which is managing the economy to pursue a search for additional credit lines to help meet the country's needs for hard currency – to repay the debt, and import food, medicine, and basic consumer goods.

He believes the bank should aim to revert to its old status as a joint-stock bank. Paradoxically, until it was turned into a state bank in 1987, it was the Soviet Union's only joint-stock institution.

But again he stresses the need for caution, since such a reform would itself represent a change in the bank's status, in turn possibly violating agreements with foreign creditors.

NEWS IN BRIEF

Soviet chaos threatens 'Energy Charter' talks

THE turmoil in the Soviet Union, the world's largest oil producer, has thrown a wrench into talks among 35 nations to form a pan-European energy trade and investment zone, officials said yesterday, AP reports from Brussels.

The talks for a European "Energy Charter" began in July and are to restart here on September 25 when a working group reconvenes after the summer break. But sources said that it was uncertain whether the Soviet Union would be represented through its central government or the republics.

Brittan's 'community' vision

Disintegration of the Soviet Union could lead to its member states joining together in a new association similar to the European Community, Sir Leon Brittan, vice-president of the EC Commission, suggested last night, writes Ivor Owen.

He said the 12 members of the EC would be performing "a historic task" if they helped to bring about such a development. Sir Leon told a meeting of Surrey, south-east England, business leaders that there would be a real danger of economic breakdown if the republics did not pull together.

Germans announce aid mission

Mr Jürgen Möllemann, the German economics minister, said yesterday he planned to travel to Moscow for the third time this year to discuss bilateral aid for the Soviet Union with the country's new team of economics experts, Reuter reports from Bonn. He repeated Bonn's calls for concerted international aid to the country, noting that Germany had already pledged and given more than DM60bn (£20.4bn) of aid.

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EUROPEAN NEWS

Polish prime minister seeks greater powers

By Christopher Bobinski in Warsaw

THE Polish government will today embark on a two-pronged attempt to introduce economic legislation without parliamentary approval and to grant greater powers to the prime minister.

If the prime minister, Mr Jan Krzysztof Bielecki, succeeds in pushing the measures through, the executive will be strengthened at the expense of a considerably weakened legislature. A stronger executive would boost President Lech Walesa, who has the power to nominate the prime minister.

The government and the president want the extra powers, first to continue economic reforms during the forthcoming election campaign, and for a period after, when the new parliament is still finding its feet.

The country's first free elections will take place on October 27.

Second, they want to introduce sharp cuts in the budget. Because of the recession, the collapse of trade with the Soviet Union and disappointing revenue from privatisation, the budget deficit has risen sixfold.

But the communist-dominated parliament now faces an election and so is loath to agree to the cuts. Agreement with the IMF is contingent on the budget.

● Mr Wladyslaw Golebiewski, a senior executive at the National Bank of Poland, has been named temporary chief debt negotiator by the Warsaw government.

Usinor to cut jobs

By William Dawkins in Paris

USINOR Sacilor, the world's second-largest steelmaker, yesterday warned that it would seek "several thousand" job losses over the next three years to keep productivity gains in line with its main competitors'.

The management of the French state-owned group will present the plans to unions in early December, but it was too soon to predict the exact number of job losses or whether it would be possible to avoid redundancies, said an official.

Like other European steelmakers, Usinor Sacilor has already shrunk its workforce drastically in recent years, from 150,000 to 66,000 in France alone over the past decade. However, if Usinor Sacilor is to follow the world steel industry's average 3 per cent-a-year improvement in productivity and if steel demand remains weak, this implies further heavy job losses, said the official. No final calculations had been made, but they could be in the order of 2,000 a year.

Usinor Sacilor's profits halved last year to FFr3.7bn ($620m) because of a fall in demand and prices. The group is expecting a further earnings decline this year.

Call for tighter regulation

REGULATION of the Frankfurt Stock Exchange must be tightened to avoid the impression of frequent price manipulation, Mr Ernst Welteke, the State of Hesse's economics minister, said yesterday, Katharine Campbell reports from Frankfurt.

He was giving the first indication that Hesse, which is responsible for oversight of the Frankfurt bourse, is to act in the wake of a local trading scandal. The minister suggested a first step would be to increase the presence of state officials on the bourse. The self-regulation system favoured by German banks has meant state officials have hitherto kept a low profile.

Uphill battle to tighten biological weapon controls

It may be impossible to devise effective verification, reports **David White**

A SCIENTIST at Britain's Chemical and Biological Defence Establishment (CBDE) at Porton Down in Wiltshire waves a small bottle of cloudy liquid. It contains micro-organisms used to simulate *Francisella tularensis*, a bacterium which causes a disease called tularemia. It is usually spread by rodents but could be sprayed as a weapon. In that bottle, he says, there would be enough minute particles to infect every person on the planet.

The threat of biological warfare, the subject of an international conference starting in Geneva next week, has been underlined by the recent UN inspection of facilities in Iraq, where substances including tularemia bacteria were found.

It is the potency of biological agents that causes the most alarm and the most attraction for potential producers. Despite allegations, there have been no substantiated cases of biological arms being used, and there is little information about which countries have them. But about 10 are believed either to possess or to be seeking to acquire them. "Unless we take action at the review conference, that number will go on increasing," warns Dr Graham Pearson, CBDE director-general.

It will be the third review of the Biological Weapons Convention signed in 1972 and will focus on ways of tightening the ban on production.

A CBDE expert, Dr David Kelly, headed the UN team that went last month to inspect the bombed Iraqi complex at Salman Pak, south of Baghdad. The Iraqis said they had undertaken research on the micro-organisms that produce botulism, gas gangrene and anthrax.

No actual weapons or weapon-making equipment were found. But Dr Kelly says key facilities were removed shortly before the team arrived. "It became quite obvious they were undertaking research for offensive purposes," he says. Additional substances including brucellosis bacteria were found. Another inspection is due to be made shortly.

Experts are concerned that countries with chemical weapons may be moving to biological weapons. As microbiology advances, more nations will become capable of doing so.

Biological warfare is defined as the dissemination of micro-organisms to carry lethal or incapacitating diseases, or to destroy domestic animals or food crops. The term is used to cover both biological agents able to reproduce themselves and toxins or poisons.

The 1925 Geneva protocol outlawing the use of chemical weapons also banned "bacteriological methods of warfare". The 1972 convention went further to forbid development, production or stockpiling of biological or toxin weapons. But it did not address the possession of production facilities and made no provision for checking on compliance.

The potential threat ranges from common viruses and bacteria such as mumps, chickenpox, cholera or typhoid, through more exotic ones such as dengue fever, for which there is no specific therapy, to new products of genetic engineering.

With new substances, the distinction between chemical and biological weapons is becoming less clear. One problem in policing a ban is that only small quantities are required. According to the Stockholm International Peace Research Institute, substances such as black widow spider venom or strychnine require a smaller lethal dose than first world war chemical gases such as chlorine and phosgene. Others such as botulinus toxin, anthrax or plague are several thousand times more toxic than modern nerve gases.

Of most concern are aerosol weapons, spraying small particles that can penetrate the lungs. Experts say these have more obvious military use than, for instance, trying to poison water supplies, which even with a potent toxin, would require large amounts to have lethal effect. Sprayed, a small amount could cover hundreds of square miles. However, aerosol agents must be stable in storage and resilient.

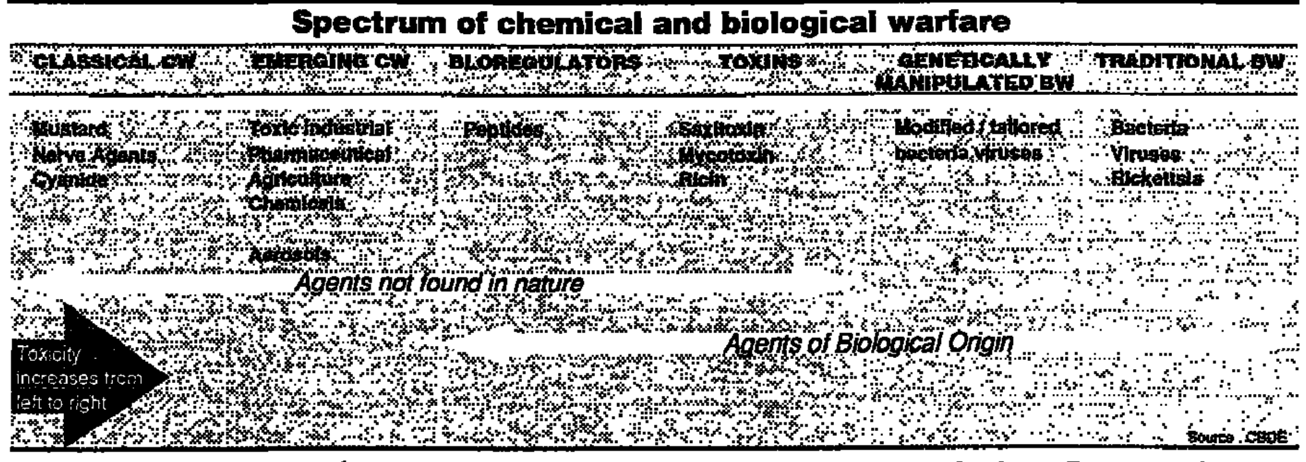
Anthrax, once known as "wool-sorters' disease", is exceptionally resistant and therefore favoured as a potential weapon. Britain carried out an anthrax experiment in the second world war on Gruinard Island off Scotland, and public access remained prohibited until last year. The Soviet Union is considered never to have provided a satisfactory explanation for an anthrax outbreak at Sverdlovsk in the Urals in 1979. In the Gulf conflict, both US and British troops were vaccinated against the disease.

Western countries have been discussing the introduction of new confidence-building measures at the Geneva conference. The UK wants to extend the requirement for countries to declare some categories of laboratory, including civilian facilities working on the most hazardous micro-organisms. An experts' meeting in 1987 called for declarations, but so far only about 40 of 117 signatories to the convention have complied. Measures are also being sought against proliferation, but proposals for monitoring exports are expected to meet resistance from some non-aligned countries.

One of the main challenges is finding ways of preserving "defensive" research such as the CBDE carries out, including vaccines, while strengthening the ban on weapon-making processes. Part of the work is the same in both cases. The UK is proposing an experts' group to look at the scope for inspection of declared and suspect facilities and investigation of incidents such as Sverdlovsk. But a UK official warns: "It will not be easy, and indeed may not in the end be possible to devise an effective verification regime."

But Dr Pearson at the CBDE hopes a combination of verification measures, export controls and defensive precautions can create a "web of deterrence".

Spectrum of chemical and biological warfare



Bildt tipped to end socialist domination of Swedish politics

MR Carl Bildt, Sweden's Moderate party leader, is increasingly likely to be his country's next prime minister, Robert Taylor reports from Stockholm. With only 10 days to go before Sweden's general election on September 15, his self-confidence was boosted yesterday by the latest opinion poll, which suggests the non-socialist parties will win with 58 per cent of the vote between them.

"I don't want to suggest we will win," Mr Bildt cautioned in an interview. "There is still some way to go." But barring an upset, he is set to head a four-party non-socialist coalition government later this month, a prospect many Swedes find hard to believe, such has been the Social Democratic domination for nearly 60 years.

But the national mood has been transformed over the past three years in a way that makes Mr Bildt's election possible. Sweden is moving towards the free market as it converges with the EC, which it hopes to join at end-1994. All main parties agree on the need to deregulate and liberalise the economy, differing merely on the pace of reform. The ruling Social Democrats have responded to the change in mood, but "they have no ideology and no policies now," Mr Bildt claims. "They don't really understand the market economy and why socialism has failed."

Yet more than an element of doubt remains about Mr Bildt, who must still convince Sweden's many undecided voters he can stitch together a viable alternative government to the Social Democrats out of four non-socialist parties.

The danger exists of an electoral deadlock after September 15.

Recent opinion polls show a substantial non-socialist majority among the Swedish electorate of about 60 per cent, but this is made up of support for up to five parties. One of them, New Democracy, is a new populist, right-wing party that questions such Swedish sacred cows as state welfare, foreign aid and tough laws against alcohol.

Its irreverent style has offended the established non-socialist party leaders, especially Mr Bengt Westerberg of the Liberals, who insists his party will not join a coalition that depends for its parliamentary survival on ND.

But the polls suggest ND could hold the power balance after September 15. The Social Democrats hope that if so, Mr Westerberg will break loose from the non-socialist bloc and make a deal with them. The other non-socialist leaders are irritated at Mr Westerberg's threat, even if they too want to keep ND at arm's length.

The Centre party also threatens to prove difficult. Mr Olof Johansson, its leader, may demand a high price for participation. The Christian Democrats, who look like being the election's real success story, winning seats in parliament for the first time, may prove more reliable coalition partners, though their leader, Mr Alf Svensson, will be keen to emphasise the party's distinctive identity.

Bringing these fragmented parties together will test Mr Bildt's political finesse.

Carl Bildt: "There is still some way to go"

Japan speeds up vetting of new retail outlet plans

By Robert Thomson in Tokyo

JAPAN will soon announce plans to establish about 50 local committees responsible for processing applications by Japanese and foreign companies wanting to open large retail outlets.

The Japanese government has been under pressure from Washington to speed the processing of such applications, which are often opposed by local retailers and, in the past, have been delayed for 10 years or more. Under present regulations, new applications must be processed within 18 months.

Washington believes an increase in development of larger outlets will give foreign retailers greater access to the Japanese market and create more shelf space in Japanese outlets for foreign products and a revised law, likely to be introduced early next year, will reduce that limit to 12 months. But the US has been concerned that local authorities could still obstruct applications from "outsiders", either foreign companies or Japanese companies based outside the local area.

The Ministry of International Trade and Industry (Miti) has apparently decided to establish the committees to examine applications and negotiate with local retailers on the size and type of new complexes.

Each of the committees will have seven representatives, including scholars, lawyers and other respected members of the local communities, and they will be expected to make the final decision on the timing of new stores. A Miti official said local retailers would not be appointed to the committees, which would be "independent".

Small retailers are a powerful lobby group in Japan and continue to oppose the revision of the store law. The government is planning to allocate increased funds to the retailers to allow them to renovate local shopping centres and make themselves more competitive, but further friction is inevitable.

The US retailer Toys R Us has already caused a stir with plans for a chain of toy stores, which have been strongly opposed by smaller retailers. And in Hiroshima, in the west of Japan, local retail groups have called for extra government compensation even though no new proposals for stores have been submitted in the past year.

EC suggests more trade help for poor countries

THE European Commission has proposed rolling over a package of European Community trade concessions to poorer countries until the world trade liberalisation negotiations under the General Agreement on Tariffs and Trade (Gatt) have been concluded, Reuter reports from Brussels.

A Commission official said the EC executive had been forced to delay a planned revamp of the so-called Generalised System of Preferences (GSP), due to have taken effect from the start of 1992, because the Gatt talks have yet to be wound up.

Instead it is proposing that EC governments agree to a temporary extension of the GSP in its current form beyond the end of 1991 until it can be revised in the light of a Gatt agreement.

The GSP grants preferential access through zero or reduced tariffs on imports of industrial and agricultural products, textiles and steel from developing countries.

Czechoslovakia and Bulgaria were added to the list of beneficiaries this year.

The Uruguay Round of talks on the liberalising of world trade into the next century, which were scheduled to end last December, are likely to be extended to allow more time for settlement of a dispute between the Community and its trading partners, in particular the US, over the question of farm subsidies.

Puerto Rico seeks concessions from north America trade pact

PUERTO RICO has asked the Bush administration for the exclusion of rum and canned tuna from a North American Free Trade Agreement (Nafta) with Mexico and Canada and for special protection for most of its products, Reuter reports from Washington.

"Extension to Mexico of the benefit of duty-free treatment for rum and tuna, two of Puerto Rico's principal products, could place Mexico at a considerable competitive advantage," Mr Antonio Colorado, Puerto Rico's secretary of state, said.

He told an inter-agency hearing on the proposed pact that import tariffs on other products that are key for Puerto Rico should be lowered over long periods, "such as 20 years". Mr Colorado said textiles, apparel, leather goods and some farm products in particular needed protection.

Puerto Rico, a self-governing US Caribbean territory, was not against Nafta.

But, without adequate protection, plans to reduce trade barriers in North America first and the whole western hemisphere later could seriously harm the economy of Puerto Rico and other Caribbean and Central American nations.

Panoco in $600m Tatarstan oil deal

By William Dullforce in Geneva

PANOCO HOLDING, the Swiss-based parent company for the Pan Ocean oil group, yesterday announced the signing of a $600m (£355m) joint venture with Tatneft, the petroleum administration of Tatarstan, the Soviet Tatar autonomous republic.

The local parliament of Tatarstan declared its independence in August last year. Yesterday Mr Shafatgat Takhautdinov, Tatneft's deputy director-general, insisted that Tatarstan would receive the full benefit of its share of the 50-50 joint production and exploration agreement. "Moscow will get nothing," he said.

Under the Blue Kama venture – named after the river located to the immediate north of the production fields – Panoco and Tatneft will develop seven oilfields in a 78,461-acre area with proven reserves of 1.69bn barrels of oil.

Current production from the area is 2,000 barrels a day (b/d). Mr Vittorio di Guevara Fabbri, Panoco's chairman and chief executive, put the future target at 125,000 b/d.

The venture provided for the drilling of over 2,000 wells over a 10-year period, using modern techniques including horizontal drilling and recovery enhancing technology. The first new output is expected to come on stream early next year.

In addition, Panoco will build a new 94km pipeline with a capacity of some 120,000 b/d between the Blue Kama area and the oil treatment facilities at Almetyevsk.

The final phase of the project foresees the construction of a 50,000 b/d refinery in the Nurlat area which, according to Panoco, will "drastically improve the economic independence of the region".

Although it has long been one of the main oil-producing areas of the Soviet Union, Tatarstan has had no domestic refining capacity.

Tatar oil has been exported at low prices to eastern Europe through the Druzhba pipeline. The republic's domestic needs have been met by the re-import of refined products from neighbouring republics.

Mr Herbert Rooks, head of Panoco's Soviet operations, said discussions on the financing of the project were already well advanced with banks from several countries. A European bank would probably head a financing consortium.

Panoco is a secretive group which does not disclose the names of its owners. Mr di Guevara Fabbri said they comprised a group of private individuals; no big oil company had an interest.

Soviet telecom links see the light

Danes are to lay the first east-west optical cable, writes Hilary Barnes

A CENTURY after Denmark's GN Great Nordic made its name linking east and west by telegraph cable, it took a step in the same direction this summer, this time using an optical fibre cable system.

Together with state-owned Telecom Denmark, GN Great Nordic has signed a contract to lay the first optical fibre cable system between the Soviet Union and abroad. The DKr500m (£44m) investment will be paid for by traffic fees.

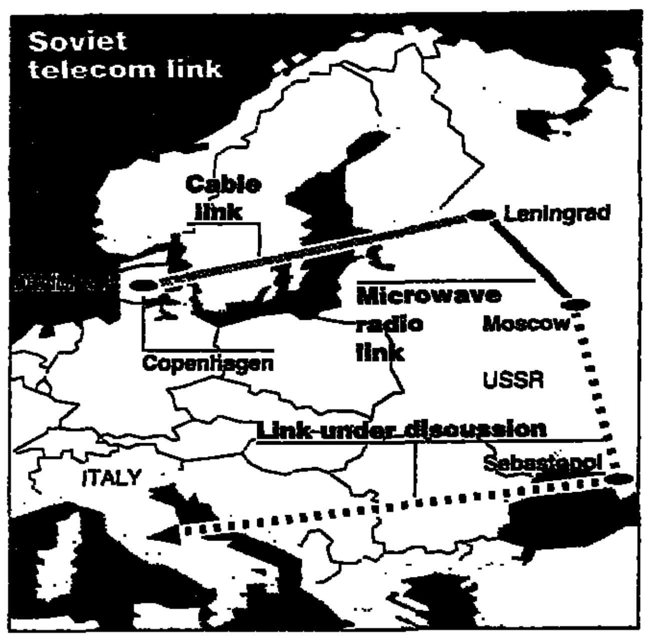
For GN Great Nordic, the deal represents a revival of the cable communications business, which had been eclipsed by satellite communications since the 1970s.

Its first triumph was when it established a telegraph link between Europe and China in 1871, via Vladivostok and Japan, beating the British, who were establishing a link via India.

Subsequently, Great Northern Telegraph Company, as it was known then, laid and operated many telecommunications cables in northern Europe and in the North Atlantic until satellite communications took over.

Now, however, optical fibres, because of their great capacity and high quality, have made cables interesting again, not least in eastern Europe.

The 1,260km cable between Denmark and the Soviet Union will go to Kingisepp, near Leningrad. It will be a 565 Mbit per second link, which means that it will have capacity to carry 16,000 phone, fax, data or video transmissions at once. The cable will be supplied by STC Submarine Systems, of the UK.



GN Great Nordic and Telecom Denmark will obtain their return on the investment from traffic fees when the link is opened in 1993 and for the 15 years of the contract.

Cocom, the Paris-based Co-ordinating Committee for Multilateral Export Controls, which limits export to the East Bloc of high-tech goods with possible military application, has so far prevented the extension of the optical fibre cable from Leningrad to Moscow, so this section will consist of a 140 Mbit microwave radio link.

But Mr Thomas Duer, GN Great Nordic's managing director, is convinced that it will not be long before Cocom has to drop its opposition to the extension of the optical fibre cable across the Soviet Union itself. This is even more likely as Cocom is considering plans for sweeping liberalisation of its list of banned exports. This had been due to come into operation from the beginning of this month, but has been delayed by the uncertainty surrounding the upheaval in the Soviet Union.

Whatever Cocom does, the Soviet Union will soon be able to supply its own optical fibre cable links for non-military purposes, and this would mean that western suppliers will excluded from the market, Mr Duer says.

Mr Duer is confident that the Soviet upheaval will not affect the project, which is now being discussed with the ministries of posts and telecommunications of both the Soviet Union and the Russian Republic. "Both want to see the project completed as planned," he said.

Mr Duer's dream is a cable across Siberia to link Europe with Japan and Korea. He began to work on this project in 1988 and has brought together a consortium of 13 nations, including the state telecoms companies from the major European countries and Australia, as well as US West, one of the Bell companies, in the US, to support the trans-Soviet cable plan.

The Soviet Union itself, according to Mr Duer, has a strong interest in the trans-Soviet cable (a second major link, from Moscow via Sevastopol, in the Crimea, to Italy is also under discussion), as the cable could contain a circuit for internal Soviet communications.

"This offers them a fantastic opportunity to build up their domestic telecommunications system without the expenditure of any foreign exchange," he said.

Pepsi puts fizz into Israel's drinks market

By Hugh Carnegy in Jerusalem

PEPSI-COLA, for years conspicuous by its virtual absence in Israel, will soon be on general sale following a decision by PepsiCo's Pepsi-Cola International (PSI) to enter the Jewish state's small but fizzy soft drinks market, where Coca-Cola has long been entrenched.

The move should lay to rest Israeli suspicions, strongly denied by Pepsi, that it was abiding by an Arab boycott of trade with Israel for fear of jeopardising its strong market share in countries such as Egypt and in the Gulf. By contrast, Coca-Cola, with its high profile in Israel, has traditionally been weaker than Pepsi in Arab markets.

However, the Pepsi announcement has triggered a local Arab-Israeli controversy over the right to sell its products in the occupied West Bank and Gaza Strip.

PSI signed an agreement last month with Tempo Beer Industries, a leading Israeli drinks maker, which will produce and market Pepsi brands in Israel.

Neither company would disclose the value of the agreement or their sales targets. But Pepsi will have its work cut out to catch Coca-Cola products, made locally by the Central Bottling Company of Tel Aviv, which holds about 60 per cent of Israel's $300m (£177m) soft drinks market.

Mr Barry Holt, PSI spokesman, said the company had delayed coming to Israel because it was preoccupied by developing much bigger markets in India and eastern Europe. Pepsi is, however, already available on a limited scale through an Israeli chain of the company's Pizza Hut restaurants. Mr Holt said Pepsi was confident the decision would not effect its business elsewhere in the Middle East.

However, Tempo quickly found itself under pressure from Jewish settlers in the West Bank and Gaza to give commitments that it would sell Pepsi products in the occupied territories, as well as in Israel "proper".

Mr Moshe Bornstein, Tempo chairman and leading member of the family which controls the company, told a radio interviewer he believed this would be the case.

But Mr Holt said the preliminary agreement signed with Tempo covered only Israel "proper". An extension into the occupied territories was not part of the original deal and was subject to further negotiations, he said.

CONTRACTS & TENDERS

HONG KONG GOVERNMENT
CIVIL ENGINEERING SERVICES DEPARTMENT

Demolition of Kowloon Walled City
P. W. Programme Number 1016 CA

NOTICE OF PREQUALIFICATION OF TENDERERS

1. It is proposed that tenders will be invited in April 1992 from prequalified contractors for the demolition of buildings and structures in that area of Kowloon, Hong Kong known as the Kowloon Walled City.
2. The existing Kowloon Walled City occupies an area of approximately 2.8 hectares with buildings and structures varying from single to fourteen storeys. The project will comprise the domolition of all buildings and structures in the Walled City with the exception of the "Yamen" buildings which are located at the centre of the Walled city, and the removal of the building debris arising therefrom.
3. Contractors with proven experience in large scale demolition projects are invited to apply for prequalification documents to :-

   Chief Engineer/Development & Airport,
   Civil Engineering Services Department,
   7th Floor, Empire Centre, 68 Mody Road,
   Tsia Sha Tsui East, Kowloon, Hong Kong.

   TELEPHONE : (852) 369 2355 FAX : (852) 311 5770

   Completed prequalification submissions shall be submitted as directed not later than 12:00 noon on 1 November 1991 (Friday).
4. Joint ventures with other firms will be considered.
5. Government reserves the right to reject any Contractor's application at its discretion and without explanation.

(A.W. Malone)
Director of Civil Engineering Services

INTERNATIONAL NEWS

Soaring currency hits Taiwan exports

A NEW surge in the value of Taiwan's currency last month began to take the shine off its export recovery, according to the Finance Ministry yesterday, Peter Wickenden reports from Taipei.

Despite vigorous intervention since June by Taiwan's Central Bank of China, the Taiwan dollar hit a 16-month high of 26.51 to the US dollar yesterday and looks set to climb further on the back of record export performances in May, June and July.

After year-on-year export growth of 21 per cent, then 31 per cent, then 14 per cent in those three months, August saw the growth rate dip sharply to 6.8 per cent, while imports for August rose some 21 per cent from a year ago.

South African mine reopens

Impala Platinum Holdings said its Bafokeng North mine, which was shut indefinitely on Tuesday evening following a deadlock in wage negotiations, was reopened yesterday, Reuter reports from Johannesburg. The Bafokeng North mine was closed because of fears of possible violence following what management called threats and intimidation by workers underground.

Impala said in a statement the mine was reopened after discussions between management and employee representatives on Wednesday night.

Indian premier visits Germany

Mr PV Narasimha Rao, India's prime minister, left yesterday for Germany on a four-day visit to woo German investment to the newly-liberalised Indian industry, AP reports from New Delhi. The visit demonstrates a departure in India's foreign policy priorities that traditionally had made Moscow the first port of call for a new prime minister.

Peace comes to Western Sahara

UN peacekeepers were due in the Western Sahara yesterday to monitor a ceasefire ending 15 years of sporadic desert war in the territory, Reuter reports from Rabat.

A formal ceasefire comes into force today. Once peace has been restored in the phosphate-rich former Spanish colony, its people will be allowed to vote for self-rule, as demanded by Polisario rebels, or integration with Morocco.

The advance party of 240 UN military and civilian observers was expected to travel through Casablanca to the sparsely-populated territory.

Diplomats said a major reason for Polisario's acceptance of the plan was King Hassan's rapprochement with both Libya and Algeria, substantially reducing arms supplies to the rebels.

Israel to press on with loan request to US

By Hugh Carnegy in Jerusalem and Lionel Barber in Washington

ISRAEL said yesterday it would press ahead with its request for big US loan guarantees, despite strong pressure from Washington to delay the issue to avoid disrupting plans to hold a Middle East peace conference next month.

At the same time, US officials said President Bush was also seeking firmer commitments from the Israeli government to halt settlements in the occupied territories before granting the guarantees.

Both Mr Bush and Mr James Baker, US secretary of state, are worried that an early decision to approve the loan guarantees could offer Arab parties an excuse to delay taking part in a Middle East peace conference, tentatively set for next month.

The battleground will be in the US Congress. If Israel seeks to use pro-Jewish sentiment to push through approval of the loan guarantees in this year's foreign aid appropriations bill, it is heading for a collision with the administration. The foreign aid bill is expected to come before the Senate this month.

The dispute dispelled Israeli hopes of isolating the question of the guarantees, which Israel wants to back $10bn (£5.9bn) in borrowing to help finance Soviet Jewish immigration, from the peace process.

Mr Yitzhak Shamir, the hardline Israeli prime minister, refused to acknowledge that he had been asked to hold back the loan guarantee request, despite the disclosure by Mr Baker that he had twice talked to him about the matter.

"No one in the United States objects to our submitting this request. Therefore we are submitting it. The day after tomorrow, the secretary of state will receive it," Mr Shamir told reporters.

He added his government's rejection of linking the aid request to the peace initiative. "We oppose any linkage of this kind. We don't believe it has any justification."

However, the acute budgetary strain caused by immigration has made the guarantees an issue of vital importance for Israel, and therefore exposed Mr Shamir to US pressure.

Mr Baker was careful to avoid saying support for the loan guarantees would depend on Israel's co-operation in the proposed peace conference. But he stressed that discussing large additional assistance for Israel, already the biggest recipient of US aid, could upset the delicate efforts to bring all sides to the table.

Israel argues that the loans it wants guaranteed – and therefore made cheaper – are for a purely humanitarian cause of immigrant absorption. But its Arab opponents see the guarantees as an indirect subsidy for expansion of Jewish settlements in the West Bank and Gaza Strip, as evidenced by a recent Israeli building boom there. Washington has repeatedly demanded a halt to settlement, to no avail.

Mr Shamir is banking on winning sufficient support in Congress to push through the loan guarantees quickly despite Mr Baker's call for a delay. Delay beyond the end of this month would shift the issue into the next fiscal year, making approval a lengthier and more difficult process.

De Michelis offers peace inducement

By Hugh Carnegy in Jerusalem

MR Gianni de Michelis, the Italian foreign minister, yesterday held out the prospect for Israel of deep economic integration with the European Community – a goal eagerly sought by Jerusalem – if it reaches a peace agreement with its Arab neighbours.

His offer underlined an approach adopted by the EC since the Gulf crisis of seeking to nudge Israel towards a more conciliatory stance on the Palestinian and broader Arab-Israeli conflicts by offering valuable economic inducements. The EC is Israel's biggest trading partner and Israel is anxious to protect its access to the increasingly integrated community markets.

Mr De Michelis said in a lecture at Tel Aviv University the EC was ready to offer Israel "clearly defined integration modelled on the economic accords that we are concluding with the Efta countries". He said Israel fitted the requirements of being a political democracy and a market economy and it would derive economic security from such an arrangement.

But both in his speech and at an earlier press conference he made it clear the offer was conditional on a successful peace process.

He specified the need for Israel to return the occupied West Bank and Gaza Strip, captured in the 1967 Six Day War, to the Palestinians.

"Without an agreement, it would be impossible to negotiate anything in connection with a stronger integration or a stronger co-operation between Israel and the European Community," he said.

Local politicians accuse Britain of failing to stand up to China

Major fails to satisfy Hong Kong democrats

By Philip Stephens and Angus Foster in Hong Kong

A COMMITMENT by Mr John Major to consider accelerating the pace of democracy in Hong Kong failed yesterday to persuade local political leaders that the UK is doing enough to stand up to China.

The British prime minister, who arrives back in London this morning after a six-day trip to Moscow, Beijing and Hong Kong, said he would examine carefully the results of the first direct elections in Hong Kong next week.

As part of the colony's transfer in 1997 to China, 18 out of 60 seats will be directly elected. The rest are either indirectly elected through business and trade associations or appointed by the governor. Under the agreement with Beijing the number directly elected will rise to 20 in 1995.

Mr Major said that if the elections were "successful", Britain would consider negotiating with Beijing to accelerate the move towards democracy. He emphasised that the agreements signed this week with Chinese leaders would break the deadlock in efforts to secure a prosperous future for Hong Kong.

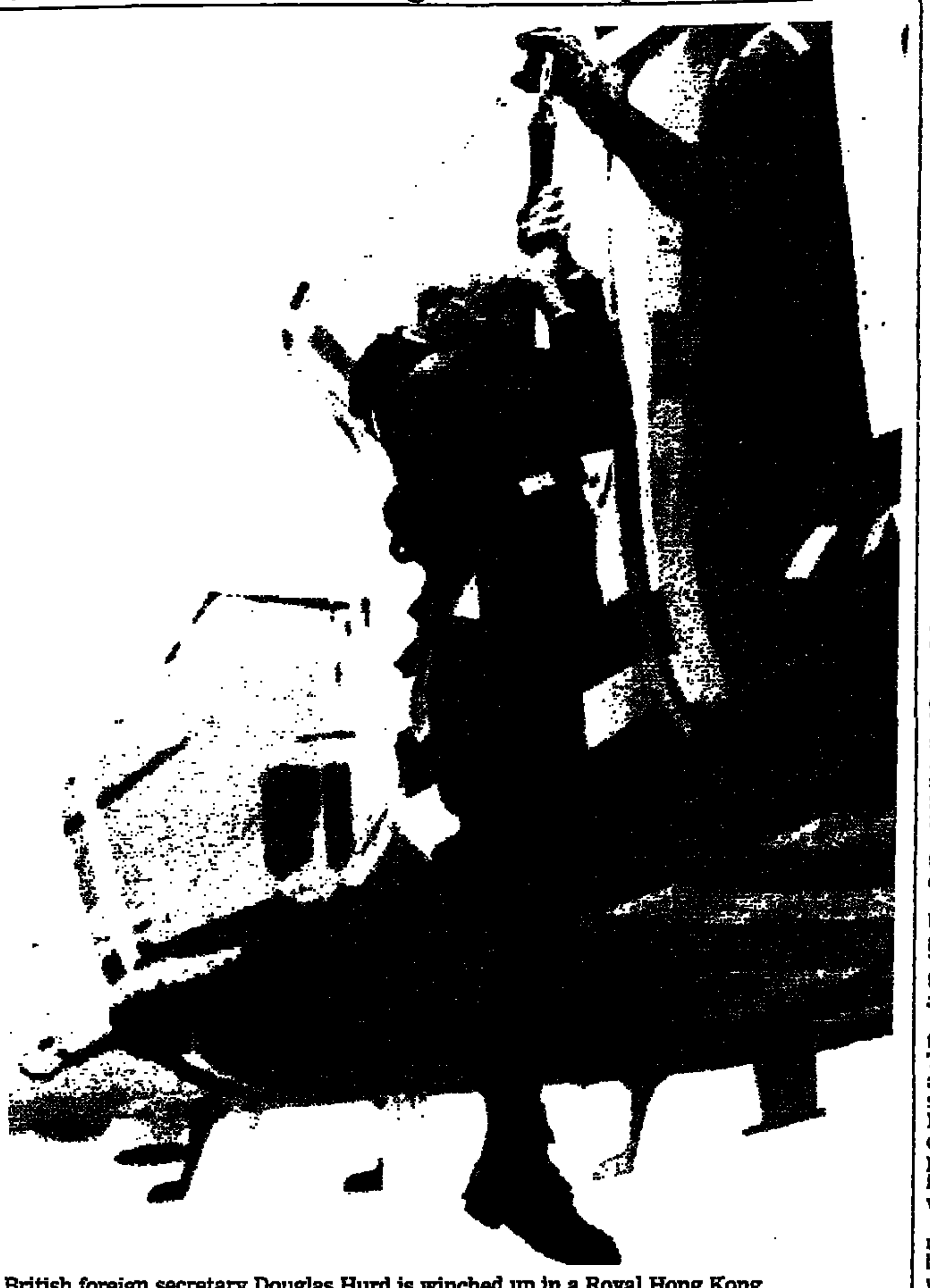
He pledged to intervene personally if the deal struck on Tuesday with the Chinese prime minister, Li Peng, to break the deadlock in the Joint Liaison Group did not solve the remaining outstanding issues on the colony's future.

In meetings with business and political leaders yesterday, Mr Major emphasised the importance of the "clear-cut and public reaffirmation" by Li Peng that China would observe the letter and the spirit of the 1984 Joint Declaration, which provides for separate administration of Hong Kong after 1997.

His stance, however, failed to satisfy Mr Martin Lee, leader of the United Democrats of Hong Kong, the colony's largest political party.

Mr Lee accused Britain of showing a "lack of concern for the rights and freedoms of the people of Hong Kong". He described as "highly ironic" the contrast between Mr Major's tough stance on China's human rights record and Hong Kong's slow speed towards democracy.

Mr Lee's party is likely to win a majority of the directly elected seats next week and wants full democracy immediately. In a letter to the prime minister, the party reminded Mr Major of Britain's earlier pledge to give Hong Kong democracy. "Since then, Britain has been in constant retreat from this promise. Rather than establish democracy, your colonial administration is seeking to frustrate popular representation," the letter said.



British foreign secretary Douglas Hurd is winched up in a Royal Hong Kong Auxiliary Air Force helicopter in a simulated rescue yesterday

Australia toughens rules on media

By Emilia Tagaza in Canberra

THE Australian government has tightened media cross-ownership rules to stop television proprietors from gaining indirect control of big newspapers through their associates.

Amendments to broadcasting laws adopted by the cabinet late on Wednesday night are designed to prevent further concentration of Australian media assets.

The government has been particularly worried about the bid for the Fairfax newspaper group recently by Tourang, a consortium led by Mr Conrad Black, the Canadian chairman of the London Daily Telegraph group, and Mr Kerry Packer, owner of the Channel Nine national network.

Mr Packer holds 14.9 per cent of Tourang, which is below the media cross-ownership threshold. The Broadcasting Act bars a radio or television licensee from controlling more than 15 per cent of big newspapers.

However, two of Mr Packer's former employees hold 3 per cent each of Tourang.

The amendment, expected to be approved in parliament, gave a clear definition of an "associate" and includes relatives, employees or employers and advisers.

The amendments also give the Australian Broadcasting Tribunal power to inquire into a buyer's associate relationships to determine if there is a likely breach of the 15 per cent cross-ownership limit or the 20 per cent foreign interest limit in an Australian radio or television station.

Mr Kim Beazley, the communications minister, said it had been necessary to clarify the wide powers of the tribunal because of the number of big ownership changes which had been taking place in the Australian media.

Apart from the problem with cross-ownership limits, Tourang also faces a hurdle of foreign ownership limits. Foreign holdings of more than 15 per cent require government approval.

Commonwealth wants extra $34m for democracy drive

By Robert Mauthner, Diplomatic Editor

THE British Commonwealth Secretariat is asking member countries to provide an extra $34m over the next five years to finance programmes arising from new policy priorities it is setting itself.

In an address in London to the Commonwealth Trust and the Royal Institute of International Affairs, Chief Emeka Anyaoku, the Commonwealth secretary-general, said the new resources were urgently needed to tackle problems such as the promotion of democratic practices and human rights in member countries.

The Commonwealth's priorities will be set out in a report on "the role and structures of the Commonwealth in the 1990s and beyond", due to be submitted by a high-level 10-nation committee to Commonwealth heads of government meeting in Harare next month.

Chief Anyaoku implicitly admitted that some member countries had failed to honour some of the Commonwealth's most resounding declarations, such as the 1971 Singapore declaration on individual liberties, equal rights and free democratic political processes.

The main challenge facing the Commonwealth was to prove wrong those people who thought of it as "a boring historical anachronism" or no more than a talking shop whose members adopted grandiose declarations more honoured in the breach than in the observance, through a more determined implementation of its principles and declarations.

In coming years, the Commonwealth could, "in appropriate cases", assist in the resolution of conflicts arising from the introduction of pluralist political systems. Scope existed for the Commonwealth's well-tried mechanisms, such as special missions like the Eminent Persons' Group, which went to South Africa in 1986, and ministerial committees, to be deployed more effectively to promote the Commonwealth's political objectives.

Chief Anyaoku stressed, however, that democracy could not be a panacea for all problems in member countries. There were many developing countries which had maintained impeccable democratic credentials, but which were still wrestling with crippling development problems.

Encouragement for democracy must therefore be accompanied by effective action to address big socio-economic problems. "Otherwise, there will be the risk of a backlash and eventual disillusionment with the democratic process."

Referring to the decision by a committee of Commonwealth foreign ministers last February to implement a "programmed management" of the removal of sanctions against South Africa as objectives were met, Chief Anyaoku said that "real obstacles" still stood in the way of ending apartheid. Until the majority of the South African population was given full voting and constitutional rights or, at least, until such a development was "clearly in sight", it would be inappropriate to remove all the international pressure, without which the process of change could never have taken place.

The Committee will be meeting in New Delhi next week to review the latest developments.

AMERICAN NEWS

Collor seeks coalition partners

By Christina Lamb in Brasilia

BRAZIL's President Fernando Collor de Mello has stepped up negotiations with politicians and businessmen in what is believed to be an attempt to form a coalition "government of national consensus" to fight the worsening economic crisis.

The president and his officials have spent the past two days talking to opposition politicians appealing for a national dialogue to find a solution to the country's spiralling inflation – now back up to 15 per cent a month.

Even Mr Collor's enemies have been contacted, such as Mr Orestes Quercia, leader of the main opposition party, the centre-left PMDB, and a future presidential candidate.

The government's hopes are pinned on implementing a radical overhaul of the constitution which would allow it to cut costs by sacking state employees and to raise revenues by increasing taxes. There is little support for the changes either in congress or among state governors, but without it another shock economic plan is thought inevitable.

Mr Collor plans to call a meeting of the Council of the Republic on September 17 to hammer out emergency legislation on the constitutional overhaul to put before congress. The council, which comprises senior ministers and party leaders, meets only in times of dire emergency.

After five economic shock plans in the last five years, realisation is growing that Brazil requires not short-term measures such as price freezes, but long-term solutions based on putting the Treasury's own finances in order through political consensus. Although politicians seem more disposed to talk than at any time since Mr Collor took office in March last year, they are far from agreed on how this should translate into policy.

To try to secure support the president may form a coalition with an opposition party such as the Social Democrats (PSDB). Mr Tasso Jereissati, the party's leader, said after a meeting with Mr Collor: "The president recognises he's isolated and is disposed to widen his base."

● Brazil, Argentina and Chile signed a joint declaration yesterday aimed at making the Southern Cone region a chemical and biological weapon-free zone. The agreement, signed by foreign ministers in the Argentine town of Mendoza, prohibits them from developing, using or retaining biological or chemical weapons.

Brazil's Foreign Ministry said yesterday that other South American countries were expected to join the pact.

Chile businesses told to stop whingeing

By Leslie Crawford in Santiago

THE CHILEAN finance minister, Mr Alejandro Foxley, has told businessmen to stop whingeing about the state of the economy and seize the investment opportunities on offer before foreigners beat them on home turf.

Mr Foxley, exasperated by complaints that high interest rates and the lack of tax breaks are choking investment, chided businessmen for their lack of initiative. "They will not find a better climate for investment in the rest of Latin America," he said.

Chile's economy was on track to grow by 5 per cent in 1991, its eighth year of solid growth, while inflation was set to fall to 18 per cent by the year-end, he said. Mr Foxley is worried, however, that while foreign investment has continued to pour into the country at a rate of about $100m (£59m) a month, Chilean private sector investment in falling.

Local businessmen say this is because interest rates are too high. They are also worried that an overvalued peso is making Chilean exports less competitive abroad. These were the main concerns to emerge from an "extraordinary summit" held by the leaders of Chilean banking, commerce, mining and industry this week.

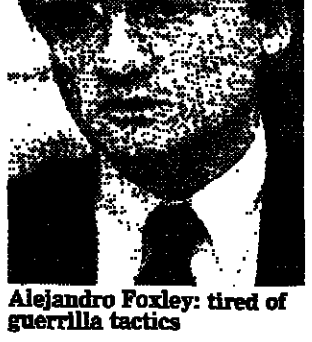
"The government appears to lack the political will to continue modernising the economy," said Mr José Antonio Guzman, president of the Confederation of Production and Commerce. He feared Chile's regional rivals were gaining a competitive edge.

"A fall in investment ... has been noted, making [investment] plainly insufficient to reach hoped-for growth levels and to regain employment levels needed in Chile," he added.

This latest skirmish between Mr Foxley and Chile's business class is not about economic fundamentals. Everyone agrees that inflation is under control, the state's finances are sound, exports are booming and the trade surplus looks rosy.

So the country's business leaders, who suspect that Mr Foxley's economic team is stuffed with closet interventionists, spend their time attacking the fringes of economic policy. Mr Foxley said yesterday he was tired of these "guerrilla tactics".

"The businessmen are whiners, by tradition and by belief," he said.



Alejandro Foxley: tired of guerrilla tactics

Canadian foreign reserves surge

By Bernard Simon in Toronto

THE unremitting popularity of the Canadian dollar contributed to a 7.2 per cent surge in Canada's foreign currency reserves last month to their second-highest level on record. The finance department in Ottawa said that the reserves reached US$18.66bn (£11bn) at the end of August, up from $17.4bn a month earlier.

Intervention by the Bank of Canada to contain the rise of the Canadian dollar accounted for about $500m of the increase. But the dollar, which has defied predictions over the past two years that it was due for a big drop, continued to appreciate last month, gaining about three-quarters of a US cent.

The currency stood yesterday at 87.67 US cents, within 1 cent of its peak for the past decade. Mr Barry Wainstein, vice-president for foreign exchange marketing at Canadian Imperial Bank of Commerce, said yesterday the dollar was likely to remain strong for at least the rest of the year.

The Bank of Canada has so far resisted calls by exporters to allow the currency to drop by cutting interest rates. Instead, it is giving highest priority to containing inflation.

Recent cuts in interest rates in the US, Britain and Australia have further enhanced the Canadian dollar's attractions as a high-yielding currency.

US fight over judge descends below belt

By George Graham in Washington

THE battle over the nomination of Judge Clarence Thomas to fill a vacant seat on the US Supreme Court has begun to descend into below-the-belt tactics.

To the apparent distress of the White House and of Judge Thomas himself, conservative groups have begun to air hard-hitting television advertisements questioning the ethics of liberal Democratic senators who are expected to figure in the nomination debate, due to begin next week, such as Mr Edward Kennedy and Mr Joseph Biden.

Mr Thomas's supporters fear the advertisments may be counterproductive by spurring opponents who have so far found him hard to attack.

Mr John Sununu, President George Bush's chief of staff, has telephoned the advertisement's sponsors to urge them to withdraw it.

The nomination of Mr Thomas, a 43-year-old black conservative lawyer, has divided civil rights groups and African-American organisations, which have disagreed with his views but found it hard to oppose a man who has achieved his current position as a judge on the US appeals court from a background of poverty in segregated Georgia.

The National Baptist Convention, the largest black church in the US, said Mr Thomas's nomination perpetuated "stereotypes, myths and misrepresentations of our achievements as an African-American people".

Cost of cleaning N-arms plants could reach $38bn

By Lionel Barber in Washington

THE COST of cleaning up contaminated nuclear weapons plants in the US could reach $38bn (£22.4bn) over the next five years, according to revised spending plans unveiled yesterday by the US Energy Department.

The report relates to spending due to begin in fiscal 1993, which starts in October 1992. However, it does not set a fixed time or sum of money for the total clean-up of the plants, which produce material for nuclear warheads.

Reports of extensive radioactive contamination at US nuclear weapons plants surfaced four years ago. The Energy Department's research laboratories and bomb-building plants employ more than 100,000 people, but much of the production work is done at factories which are more than 50 years old.

● A National Academy of Sciences (NAS) report yesterday suggested that the US could s ely scale back its arsenal of r.uclear weapons, particularly long-range missiles aimed at the Soviet Union.

Insurance rebates stalled

NEW regulations requiring insurance companies to issue $2.5bn (£1.5bn) in rebates to California car insurance policyholders have been stalled by the state's legal administrator, Louise Kehoe reports from San Francisco.

The "emergency" regulations, issued by Mr John Garamendi, the California insurance commissioner, last month, limit insurance company profits to 10 per cent and require immediate rebate payments. They were aimed at implementing Proposition 103, the "insurance revolt" ballot initiative passed by California voters three years ago.

However, Mr Marz Garcia, director of the state Office of Administrative Law, rejected Mr Garamendi's emergency regulations, saying no emergency existed and new regulations should go before public hearings, a process that could take months. Mr Garamendi in turn appealed to California governor Pete Wilson to overrule Mr Garcia.

Weak business spending forecast

Spending by US businesses to expand production is expected to rise a scant 1.6 per cent this year after inflation, the weakest showing since a decline in 1986, the Commerce Department said, Reuter reports from Washington.

Real capital spending rose 4.5 per cent in 1990 and 10.4 per cent in 1989. A gain of 1.6 per cent this year would be the smallest rise in five years.

UK NEWS

Soviet food aid proposals win industry backing

By Guy de Jonquieres, Andrew Jack and John Thornhill

LEADING British food and retailing companies yesterday enthusiastically backed a UK government plan to help relieve food shortages in the Soviet Union, but many said the government would have to provide further substantial funding if the plan was to have much impact.

Mr John Gummer, agriculture minister, and Mr Peter Lilley, the trade and industry secretary won the support of 40 senior executives to send teams of experts to the Soviet Union to study ways to reduce waste and improve the Soviet food chain.

"It is the whole of the food chain we are concerned with. You have got to make sure that every link in that chain works if food is to get to the consumer," Mr Gummer said.

These "lifeline" teams were first proposed by President George Bush and Mr John Major.

Sir Ronald McIntosh, chairman of the British Food Consortium, an alliance of food companies with interests in the Soviet Union, and six other senior executives will leave for Russia and the Ukraine within the next few days. A further five or six teams will prepare more detailed studies over the coming months.

The teams will study harvesting, processing, storage and distribution.

Assistance may include technology transfer, training, exchanges and providing experts to work alongside Soviet farmers.

This initiative will draw on the £50m the British government has committed over the next three years to the Soviet "know-how" fund.

Mr Lilley described the response of British companies as being "altruism in the face of short term problems and commercialism in the face of long term opportunities."

But although many companies were willing to provide personnel and expertise, few were prepared to commit significant financial or management resources.

Other Soviet news, Page 2

London commercial TV station outbid

By Raymond Snoddy

LONDON Weekend Televisionhas been significantly outbid in the competitive tenders for new commercial broadcasting licences.

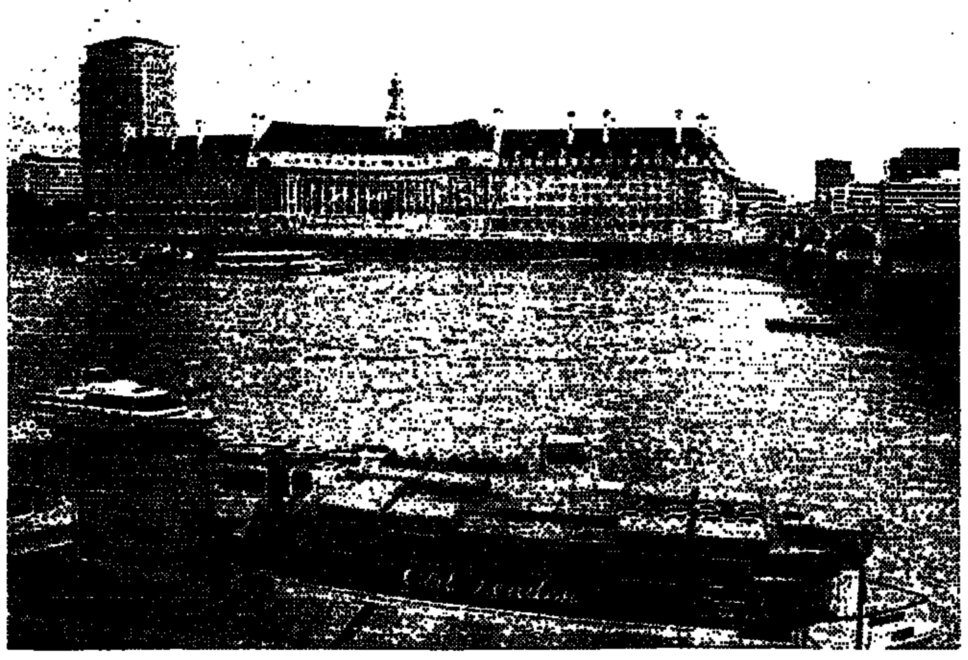
LWT, which holds the London weekend franchise and is one of the "Big Five" ITV network production companies, bid less than £30m a year for the new 10-year licences to run from the beginning of 1993.

LWT's only rival, London Independent Broadcasting, a consortium led by PolyGram, the record company controlled by Philips of The Netherlands, has bid £35.4m in 1993 prices. Apart from PolyGram, the LIB consortium groups a number of leading independent production companies.

This means that three of the big five, LWT, Granada and Thames have been outbid by rivals. Of the other two main network companies, Central judged correctly it was unopposed and bid just £2,000 a year and Yorkshire Television outbid two rivals with a bid of about £33m.

The Independent Television Commission met yesterday to review progress on deciding which applicants have passed a quality threshold.

Only applicants whose programme proposals and business plans make it over the threshold will have their bids considered. Final decisions on the threshold are not expected to be taken until later this month with winners announced next month.



MR Michael Heseltine, the environment secretary, yesterday granted planning permission for the commercial redevelopment of County Hall, (pictured above) the neoclassical building opposite Parliament which used to be occupied by the Greater London Council writes Vanessa Houlder.

The London Residiary Body, which has the task of selling the building, welcomed the decision and said that it could now get down to serious talking with a number of interested buyers. Mr Heseltine's decision follows a drawn-out planning battle in which the opposition Labour Party and the local council opposed the change of use of the building.

Planning delays contributed to the collapse of a £185m offer for the building by the County Hall Development Group, an Anglo-Japanese consortium.

TRANSPORT

Investment in Underground 'cannot come from fare rises'

By Richard Tomkins, Transport Correspondent

LONDON Underground will not be allowed to introduce big fare increases to raise money for badly needed investment in the network, the Department of Transport announced yesterday.

It also ruled out the possibility that it would make up the difference by doubling central government grants.

London Underground said some extra cash could be released for investment through efficiency savings, but not enough to prevent the system deteriorating still further without extra cash from fares or grants.

The department was responding to a Monopolies and Mergers Commission report on London Underground which blamed serious deficiencies in services on "chronic under-investment" by successive governments.

Its response came the day after the government's announcement that £2.8bn is to be spent on widening and improving the M25 London orbital motorway to cope with growing congestion.

The Monopolies Commission report, published in June, said London Underground saw the need for investment spending of £700m to £750m a year for the rest of the decade to provide an acceptably modern network. Current levels of investment are roughly half this figure.

Given the fierce competition for scarce government funds, the commission said, it would be unrealistic to expect the government to pay for this investment.

It concluded that the gap would have to be bridged by increasing fares beyond the rate of inflation.

London Transport wants big increases in Underground fares, but for several years it has been prevented from introducing significant increases in real terms because of the possible political consequences.

Mr Roger Freeman, minister for public transport, said yesterday that Underground fares had risen in real terms by 2¼ per cent a year over the last six years and the government was not convinced that there was a case for them to rise more steeply.

He fully accepted that government grants would remain the main source of London Underground's investment funds, but addded: "It isn't reasonable to expect a quantum jump to be achieved in the short-term future."

Instead, Mr Freeman said the Transport Department and London Underground would work together to devise a 10-year strategic plan setting out safety, efficiency and quality of service targets.

Editorial comment, Page 14

BRITAIN IN BRIEF

Telephone duopoly is challenged

BT and Mercury Communications face a challenge to their lucrative duopoly on international telephone calls from the company responsible for running the hot line between the White House and the Kremlin. World Communications, a specialist US international telecommunications company, claims its service launched this week undercuts Mercury by up to 20 per cent and BT by even more. The service will initially target businesses which spend more than £5,000 a month on international calls.

Shipbuilders face redundancy

Up to 800 workers at Yarrow Shipbuilders on Clydeside continue to face redundancy despite the prospect of a £150m warship export order for Malaysia. Yarrow, a subsidiary of GEC, warned earlier this year that several hundred workers on short-term contracts would not have their contracts renewed. The group said the hoped-for Malaysian deal, which would fill an empty export order book, would not alter the plans.

Lloyd's unveils new plans

Lloyd's of London has unveiled a new marketing package designed to boost its share of the UK commercial insurance market. Lloyd's of London has adopted a more aggressive approach to marketing over the past two years, focusing initially on professional indemnity, commercial motor, accident and health, term life and contingency insurance.

Statistics support upturn

Forecasts that an economic upturn is likely to start soon have been supported by the continued rise of a statistical index of economic changes calculated by the Central Statistical Office. The longer leading index rose to 98.7 in July, from 98.3 in June and 98.5 in May, the Central Statistical Office said.

Green products falsely labelled

The government is being urged by a *House of Commons* committee to tighten the law in order to prevent manufacturers falsely claiming that their products are environmental "clean".

It is recommended that the Trade Descriptions Act should be amended to stop deceptive "green" claims for goods. Manufacturers could then be fined for making false environmental claims.

Ashdown rallies supporters

Liberal Democrats should not waste time on election predictions, and should concentrate on issues other than constitutional reform at its annual conference to be held next week, Mr Paddy Ashdown (pictured above), the party's leader, has said.

Preparing for the party's gathering at Bournemouth, south England, which will mark the start of the last pre-election conference season, Mr Ashdown said he believed a final swing or surge among the public had yet to come before the election, and that Labour had made a strategic error in "not presenting a real alternative to the Conservatives".

Tobacco ads ban sought

The British Medical Association has renewed its call for a compulsory ban of tobacco advertising, claiming that new evidence proved that such bans rapidly reduced the incidence of smoking.

Statistics from New Zealand, Finland and Canada, which all forbid tobacco advertising, indicate that the proportion of cigarettes consumed per capita has fallen compared with the UK, according to the BMA, Action on Smoking and Health (ASH) and the Coronary Prevention Group, two anti-smoking groups. The government says a voluntary agreement with the tobacco industry to reduce advertising is more effective, and argues there is no evidence of a decline in smoking in Portugal and Italy, which have both introduced bans.

Newspaper body 'lacks finance'

Mr Louis Blom-Cooper the last chairman of the Press Council accused the newspaper industry of starving its regulatory body of adequate financial resources over many years. In an "epitaph" for the Council, replaced by the Press Complaints Commission in January, Mr Blom-Cooper argued that proper financing would have enabled the Council to deal more vigorously with issues of press freedom and responsibility.

BT to offer contracts

BT is to offer its 1,400 field sales force personal contracts in its first move to end collective bargaining for a largely non-managerial group.The Society of Telecom Executives, the main union affected, is urging its members not to accept the deal, claiming that BT is attempting to "buy out" sales staff for £1,000 or less each.

House starts rise sharply

The number of new houses started by builders in Great Britain rose sharply during the three months to the end of July according to figures published by the government.

British Rail to recall fleet of diesel trains

By James Buxton, Scottish Correspondent

BRITISH Rail is recalling much of its fleet of Class 158 diesel express trains for substantial modifications which will be paid for under warranty by their manufacturer, Brel.

About 90 two-carriage trains, which were intended to operate a high quality 90mph service on BR's regional routes including those between Glasgow and Edinburgh, are being taken out of service at the rate of about four at a time.

Brel at Derby and BR's engineering yard at Springburn, Glasgow, will replace aluminium supports carrying equipment under the aluminium trains, and remedy cracking in the door surrounds. The air conditioning equipment which has failed on many of the trains in Scotland will be also repaired.

The modification programme, which began about six weeks ago, is another blow to Brel, privatised from BR in 1989. This week it replaced Mr Peter Holdstock, chief executive, because of the company's failure to deliver trains to BR on time.

He was replaced by Mr Bo Sodersten, a Swede connected with Asea Brown Boveri, the Swiss-Swedish engineering company which owns 40 per cent of Brel.

Trafalgar House also owns 40 per cent, with 20 per cent held by management and employees. The cost to Brel of the repair programme is not being disclosed.

The recall is also a setback to British Rail which in Scotland is warning passengers that some trains may have fewer carriages than planned, which "may lead to some overcrowding or delays."

MOTOR INDUSTRY

August car sales fall 15%

By Kevin Done, Motor Industry Correspondent

NEW car registrations in August, the most important new car sales month of the year, fell by 15.1 per cent according to figures released yesterday, a lower rate of decline than earlier feared by the hard-pressed UK motor industry.

At the same in a surprise move Ford, the UK new car market leader, signalled that it was pulling back from the price war by announcing that it was increasing the prices of a large part of its range by an average of 3.9 per cent. It had previously raised prices by 3.4 per cent in January.

Ford triggered the price war at the beginning of July by cutting the list prices of old stocks of selected models across its range by between £1,000 and £2,000.

Ford's general list price level was left untouched by the so-called "summer specials" campaign of price cuts, however, and the company said that it was now increasing the list prices of most of its Fiesta, Sierra and Granada ranges by an average of 3.9 per cent

Despite triggering the price war Ford, which was already under severe pressure, suffered a further setback in August as its market share shrank to 21.8 per cent from 24.3 per cent in the same month a year ago.

Ford of Britain collapsed into a loss last year for the first time in 20 years and its expensive cut-price marketing initiative during the summer has failed to revive its fortunes.

The motor industry was quick to dispel suggestions that the slower pace of decline in August could signal the start of a recovery in demand.

The Society of Motor Manufacturers and Traders said that sales in August had been stimulated by the price war and warned that this "may have been achieved at the expense of fewer registrations later this autumn."

Vauxhall, the second placed car maker in the UK, said, "The price wars have boosted August sales probably at the expense of the rest of the year. This should not be seen as the beginning of the recovery for the motor industry. We do not expect that to begin until next year."

Before the start of the price war the motor industry had feared a fall of as much as 25 per cent in August sales.

Nissan to recruit extra 1,000 workers for Sunderland plant

By John Griffiths

NISSAN will start recruiting another 1,000 workers for its Sunderland, Tyne and Wear, car plant next week. This is 500 more than previously announced by the company in its recruitment plans and will bring its total employment to 4,000 by autumn next year.

The extra employees are needed mainly because of expanded output of the Primera, the family saloon and hatchback which at present is the only range built at the plant, and for an additional small hatchback due to go into production next autumn.

Nissan Motor Manufacturing (UK), the UK production subsidiary of Japan's second largest car maker, said yesterday that a higher level of on-site component manufacturing and processing than first envisaged was also a significant factor in the expanded recruitment.

The company held out the prospect of a substantial number of extra jobs being created among its 179 European component suppliers - 120 of them in the UK.

It disclosed that virtually all the extra components business will go to the Sunderland plant's existing suppliers.

The company has indicated a desire to increase its UK production in the longer term to 400,000 a year.

Nissan is stepping up output of the Primera this year to 120,000 from the previously-scheduled 100,000, with about 80 per cent of output going to the Continent, Taiwan and Japan.

So far, the increased production has been achieved through increased overtime. But with Primera output expected to stay at or above this level for the forseeable future, NMM(UK) has concluded that a larger work force is necessary.

Since the £640m Sunderland venture first went on stream, primarily as an assembly operation in 1986, Nissan has added a number of manufacturing processes, including an aluminium castings facility, engine machining plant and plastic moulding operations. The engine for the small car will also be manufactured mainly at Sunderland. As with the Primera, the engine block and gearbox will be the only major drivetrain elements imported from Japan.

NMM(UK) expects to build 100,000 units of the small car in 1993, lifting Sunderland's total output to 220,000 units a year, two-thirds of which will be exported.

Telephone numbers to take an extra digit

By Hugo Dixon

BRITAIN's telephone codes will have an extra digit added to them in Easter 1994.

The change is needed because the nation is running out of numbers, Oftel, the telecommunications regulatory body, said yesterday.

The shortage has been caused by the proliferation of new telephone services, the arrival of competitors to BT and the growing trend among businesses to have direct lines for employees rather than routing all calls through switchboards.

For ordinary telephone lines, an extra 1 will be added after the initial 0 in the code.

Other digits placed after the initial 0 will be used for services such as mobile communications, freephone calls and premium rate services, thus increasing the potential supply of numbers tenfold.

Oftel added that the international dialling code would change from 010 to 00 to harmonise with the rest of the EC.

The change will require users to reprint stationery and promotional material, but business and user groups generally welcomed the move.

The Confederation of British Industry said Oftel had chosen the best means of creating extra numbering capacity which was needed for business-to-business communications.

The Telecommunications Users Association said the code change would ultimately increase opportunities for users by promoting competition and choice.

For Londoners, the change will be the second in four years. Last year, the capital's old 01 code was replaced by 071 for Inner London and 081 for Outer London. These will become 0171 and 0181.

Summertime ends and now the politics can get serious

Alison Smith describes the party conference season

AS the British summer holiday season ends for another year thousands of politicians start to arrive at seaside resorts for the annual ritual of the party conference season.

Each of the three main parties, Conservatives, Labour and Liberal Democrats, have, in turn, a week to rally their supporters and to present themselves in the best possible light. In this last pre-election conference circuit, the image will be even more closely monitored than usual.

The rise of a "conference season" and its tendency to occur at the seaside both date from the 1920s. The political attraction of Blackpool, in the north west of England, Brighton and Bournemouth, both on the south coast, which are the three most popular locations, lies not necessarily in their respective ambiences, but in large-scale conference facilities and wide range of accommodation they offer.

For both Labour and the Tories more than 10,000 people will be involved, a number which includesconstituency representatives, journalists, observers, and organisations running exhibition stands.

Thus there is a need not only for the most luxurious hotel an expense account may demand, but also enough places in modest bed-and-breakfast establishments for party representatives paying their own way.

The Tory party conference has always been the most stage-managed, though in recent years Labour's presentation of the week has improved dramatically. The Liberal Democrats too have been tamed since the days when the Liberal assembly almost automatically took a more radical line than its leaders wished.

The three conferences remain different in tone, but have a common theme for party managers: how to keep in check the representatives, some of whom tend, more than is helpful, towards the caricature each party is trying to shed.

The styles of the two parties which merged three years ago to form the Liberal Democrats can still both be found among its representatives. Former members of the Liberal party tend towards woolly jumpers and sandals, and those from the former Social Democratic Party towards suits. Last year it balanced out sartorially somewhere around a tweed jacket.

For Labour, in contrast, the smart suit and the mobile telephone is now practically uniform. Labour conferences, however, still inflict a token defeat or two on the leadership each year.

Since the policy review of 1989 was adopted by conference, the leadership is more relaxed about conference decisions which conflict with that, because the policy review takes precedent. Nonetheless, such defeats enable the Tories to claim that Labour is divided over issues such as defence and public ownership.

Even for an occasion as stylised as the Tory conference, the week is not entirely risk-free. Expressions of dissent are so rare that where they occur, on issues such as high interest rates, they will always be reported with enthusiasm.

Remarkably, two years ago, there was even a defeat for the leadership, though on party organisation rather than policy. The last defeat on policy was, so far as anyone can remember, in the 1940s.

For each of the party leaders the conference is a showcase. Mrs Thatcher, the former prime minister, dominated the conference to an unprecedented extent, and each year the pressure rose for an ever-longer standing ovation.

In the party gatherings he has addressed so far, Prime Minister John Major's tone has been notably more low-key: it remains to be seen whether, like his predecessor, he can enable the conference to fade out with images of his progress through a crowd of rapt and ecstatic representatives.

MR Neil Kinnock's conference speeches have not consistently been his finest hours as leader. His best performance was probably in 1985 when, in a devastating attack on hard left Militant supporters, he provoked the last platform walkout and won plaudits from the Labour mainstream.

For Mr Paddy Ashdown, the Liberal Democrat leader, the party's combination of extensive media coverage and few politicians familiar to the public means an endless round of engagements.

It is a sign of the party's growing confidence that next week its leader will be making only two conference speeches: last year it was three, and the year before four.

Less easy for the party's managers to control than the main debates are the fringe meetings.

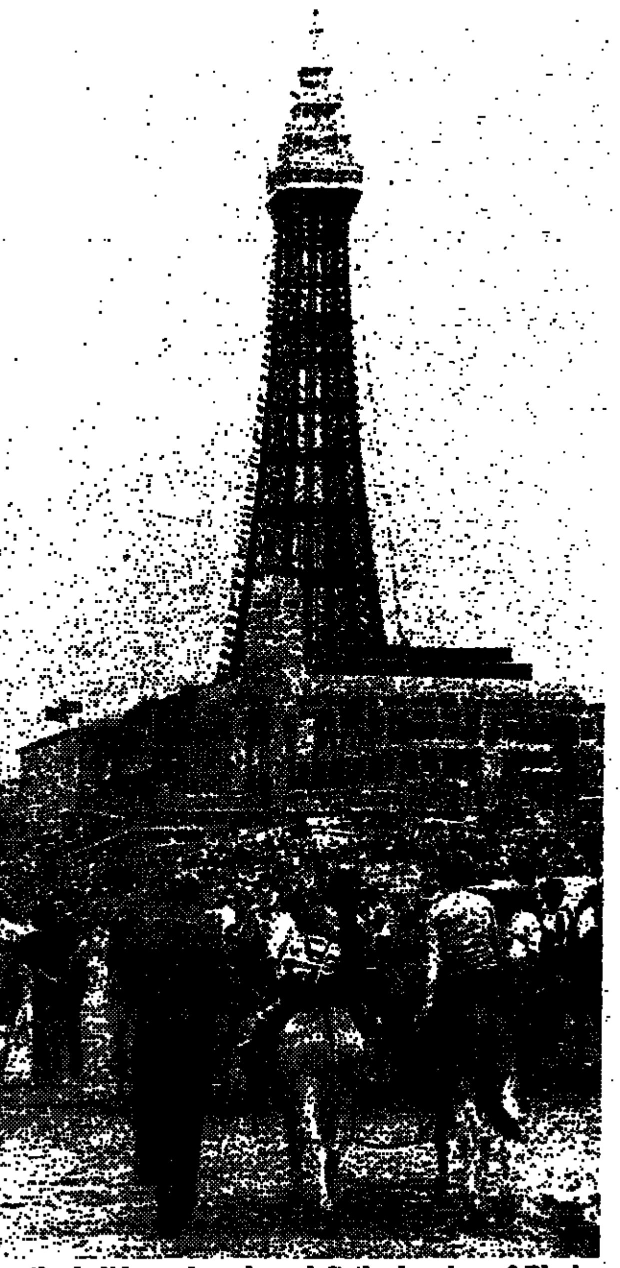
They range from private advice for local party organisers to speeches by senior figures currently out of favour, whose explanation of their positions can eclipse formal conference proceedings.

Overlapping with the fringe are the various organisations and lobby groups whose increasing eagerness to broaden their contacts has benefited all three parties.

And beyond the exhibitors' stalls, there is an apparently endless and visibly tiring round of receptions and parties, both commercial and political, which reaches its most frenzied and lavish at the Tory conference.

At the end of the season, as the MPs return to the House of Commons and the representatives to their constituencies, the parties' managers will probably be able to bask in the boost, albeit perhaps temporary, to their opinion poll ratings that is the reward for a well-trained and successful conference.

They would be wise not to rest on their laurels. Whoever wins the election, this time next year at least one party is likely to be facing a considerably rougher ride than in the current round of pre-election good behaviour.



After the holidaymakers have left the beaches of Blackpool, pictured above, politicians arrive in their thousands

MANAGEMENT

Wrong choice from the menu

Guy de Jonquières suggests that McDonald's business methods include ingredients that spell trouble

When McDonald's opened a fast-food outlet in Moscow's Pushkin Square amid a blaze of publicity early last year, the event seemed to offer a richly symbolic contrast between the sophisticated efficiency of western consumer industries and the chaotic backwardness of the Soviet economy.

Yet, according to an article* in the latest Harvard Business Review, McDonald's is far from a model of how a modern service business should be run. Indeed, the article condemns the company's methods as an anachronism, increasingly handicapping its competitiveness.

The authors, Professors Leonard Schlesinger and James Heskett of the Harvard Business School, argue that McDonald's is one of many American service companies which are being penalised by what was once their greatest strength: a standardised, production-line approach which deliberately emphasises technology, machines and systems and seeks to minimise the role of people.

"Front-line customer-contact jobs are designed to be as simple and narrow as possible so that they can be filled by almost anyone – idiot-proof jobs," the article says. "Unfortunately, however, this industrial model flies in the face of what service-sector customers many times value most: the things that technology cannot do at all or as well as thinking human beings.

"In fact, the more that technology becomes a standard part of delivering services, the more important personal interactions are in satisfying customers and in differentiating competitors."

The result of the McDonald's-style approach is to lock companies into a "cycle of failure", the authors say. By offering unrewarding jobs, low wages and meagre training, they attract mediocre recruits and suffer high rates of staff turnover, further undermining customer service quality.

The bleak prognosis is underlined by an accompanying article** by Stephen Roach, senior economist at investment bank Morgan Stanley, who argues that the entire US services sector is set for a shake-up as violent as that experienced by manufacturing industry in the past decade.

Though the US services sector has invested massively in automation – it accounts for more than 85 per cent of the country's installed information technology base – productivity has stagnated because companies have not cut costs by streamlining their workforces. Roach contends this inefficiency will be increasingly exposed by competition from foreign companies entering the US services market.

The three authors agree that new accounting and information systems are needed to pinpoint those areas where investments by service industries will yield the biggest returns. Though such measurements are notoriously difficult, Schlesinger and Heskett offer some guidelines as to where companies should focus their efforts.

They point to research which shows that customers' loyalty has much to do with the attitudes of sales staff: two thirds of defecting customers cite unsatisfactory service as the main source of discontent. Service quality, in turn, is closely linked with staff turnover.

Surveys by Sears, the large US retailer, have found consistently higher customer satisfaction at stores with low staff turnover. Marriott, the hotel chain, estimates that a 10 per cent cut in staff turnover would lower the number of "non-repeat" customers by 1 to 3 per cent and increase annual revenues by between $50m and $150m.

However, the article says, putting service back into service industries depends crucially on redefining customer satisfaction criteria and focusing human resources on achieving them.

Taco Bell, a US fast-food chain owned by PepsiCo, is held up as a shining example. Since the late 1980s, Taco Bell has extensively restructured its business and introduced a number of innovations. They include:

- Careful recruitment of highly motivated sales staff able to work well under pressure, combined with continuous training. Higher staff quality enables each supervisor to control 20 restaurants, compared with only five three years ago.
- Freeing staff to concentrate on serving customers. Electronic information systems have cut by 15 hours a week the time spent by restaurant managers on paperwork, while food preparation has been removed from restaurants to large-scale central facilities.

At McDonald's, where food is still prepared at the restaurants, ever more complicated menus require managers to devote increasing attention to "back-room" operations.

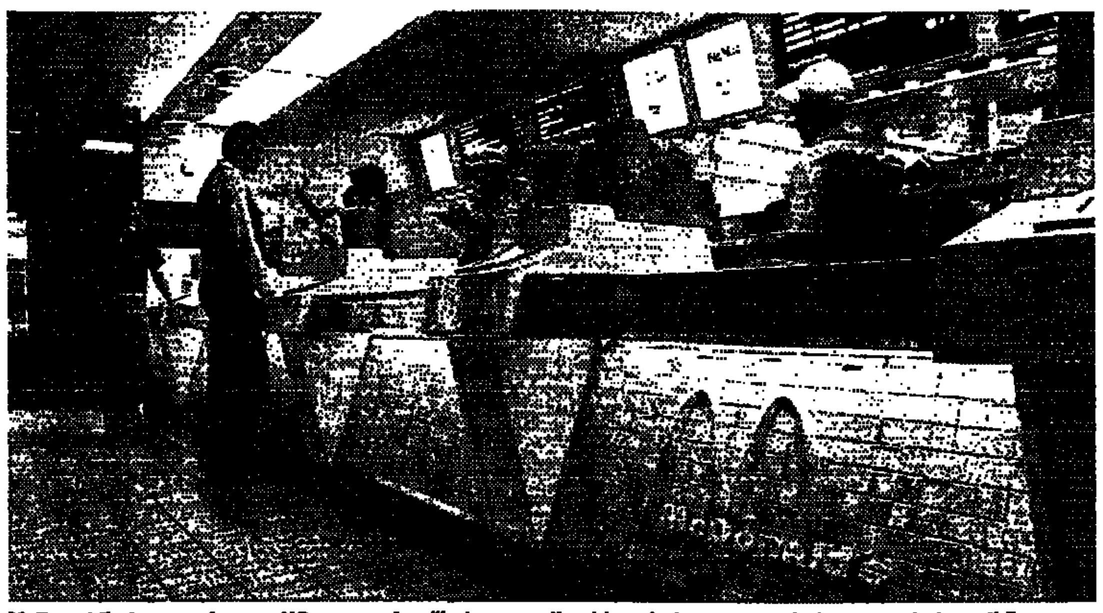
- More sophisticated measurement of service quality and customer satisfaction, coupled with performance-related pay for restaurant managers.

As well as improving staff morale, these changes have produced an impressive financial performance. In the past three years, sales growth at company-owned Taco Bells has exceeded 60 per cent while profits have risen by more than 25 per cent a year.

By contrast, McDonald's US restaurants increased profits by less than six per cent annually over the same period and their market share is increasingly under pressure.

The authors warn that raising service quality is a "tumultuous" process, requiring an unshakable belief that it will pay off financially in the long run. Of all the challenges facing "old model" service companies, they suggest, the toughest is to recognise that their failures stem not from mistakes down the line but from deliberate choices by top management.

** The service-driven service company. **Services under siege – the restructuring imperative. HBR September-October 1991.*



McDonald's is one of many US companies "being penalised by what was once their greatest strength"

Shell's pump-priming pays off in South Africa

Patti Waldmeir reports that the resources group is now forging friendships with its former critics

The new South Africa is a place rich in irony. For more than a decade, the African National Congress (ANC) led a worldwide campaign to force Shell to pull out of South Africa.

But when the ANC returned to Johannesburg after 30 years in exile, it did not let this stand in the way of a healthy commercial relationship with the company. Earlier this year, when Shell moved to a new building, the ANC bought Shell House in Johannesburg as its national headquarters; Shell, which officially remains on the ANC blacklist, threw a party to welcome the new owners.

So as the political situation improves in South Africa, Shell's decision to remain – it was the most prominent Western company to resist disinvestment – can be judged against new standards of corporate citizenship in a post-apartheid society.

For ANC officials are discovering, to their dismay, that investment halted by their protests in the 1980s may have been lost to South Africa for ever.

"I don't believe disinvestment had the effect that its architects believed it would have," says John Kilroe, chairman and chief executive of Shell South Africa, a wholly owned subsidiary of the Royal Dutch/Shell group with turnover last year of R5.5bn (£1.14bn).

Under new ownership, companies stopped complying with the liberal principles set out under the European Community and Sullivan codes of business conduct, which set minimum wage levels and guidelines for black advancement. "The new owners. . .considered that these things were done for people overseas; we don't have to do them now," he explains.

Under the new owners, educational programmes were halted, social responsibility spending fell, unemployment rose. "The people who really benefited were the South African companies which picked up these assets at bargain basement prices," Kilroe argues.

On the political level, the ANC insists that disinvestment played a significant role in forcing the ruling National Party to abandon 40-odd years of apartheid policy. Economists and businessmen dispute this, arguing that the disciplines of the marketplace were far more effective than either disinvestment or trade sanctions.

Kilroe sees the political liberalisation of the past 18 months not as proof of the coercive power of disinvestment, but as vindication of Shell's decision to remain. "It's satisfying to know our belief that Shell could achieve more by staying in South Africa than by disinvesting has been vindicated," he says in the company's 1990 business report. "The changes now being introduced are changes for which we have worked long and hard. They represent final recognition of the evil of apartheid, a commitment to positive renewal, and justification of our role in the process of change."

The degree to which Pretoria was influenced by liberal pronouncements from business – particularly foreign-based business – must remain open to doubt.

But Shell none the less did its part for human rights; week after week, it placed full page advertisements in small newspapers which held out against apartheid at its most repressive. Left-wing publications such as the Weekly Mail, the Afrikaans Vrye Weekblad and the ANC-supported New Nation faced police harassment and censorship under the state of emergency of the late 1980s; they condemned human rights abuses ignored by mainstream papers. Shell was a major source of their finance; its adverts praised a free press, condemned residential segregation and championed non-racial democracy.

So at the level of rhetoric, Shell took a high profile stand against apartheid. Indeed, the company even participated in one of the most important street demonstrations ever staged against Pretoria: a protest march through the streets of Cape Town (Shell's headquarters) in September 1989.

When one of the largest crowds in South African history set out to march on the city hall, a Shell executive was in the vanguard, along with church and other business leaders.

Pretoria's decision to allow the protest to go ahead peacefully marked a turning point; it was the first sign that F.W. de Klerk was serious about political liberalisation.

But Kilroe insists that Shell's opposition was never political; apartheid was simply not the ideology on which to base a society "in which South Africans can prosper and Shell South Africa can prosper along with them".

That prosperity will depend, most of all, on education. "The economy can't grow at 5 per cent a year, as it must do, because there are not enough scientists and engineers," says the Shell chairman. (According to Shell, out of 10,000 black school entrants, only 27 gain entrance to university, and only one enters university to study maths and sciences. Only one per cent of blacks gets any technical training.)

"We earmarked the problem with maths and sciences for special attention," Kilroe says. The company sponsors a training programme for maths and science teachers at the University of Natal, and offers university scholarships for blacks, who are first sent to private schools for a year-long prep course to help upgrade the poor quality of their pre-university schooling. Overall, Shell spent R6.1m in 1990 on education projects; it estimates that 2.2m children benefited from these programmes.

Overall, the company spends 7 to 8 per cent of net income on social responsibility programmes, which is relatively high by South African standards and compares with roughly 1 per cent for other Shell companies worldwide.

That fact leads Shell's main trade union adversary, Rod Crompton of the Chemical Workers union, to compare the company to "a man who goes to the pub and buys drinks for all his friends and has nothing left for his family".

But this criticism is surely unfair: staff terms and conditions are at least in line with the industry average; salaries are well above the minima set by the EC code of conduct; and judging by the low level of strike action, Shell employees are not seriously dissatisfied – last year, only 1 per cent of working hours was lost through strikes.

The percentage of black managers in Shell is still pitifully low – though that could be said of almost every South African company. Though 70 per cent of staff are black, only 15 per cent of managers are non-white (27 per cent at supervisory level or above).

Shell says its goal is to have 20 per cent black managers by next year "to window dress," says Kilroe. "People have to be promoted on merit," he adds, noting that the company recently appointed its first black executive. He is Humphrey Khoza, public affairs director – the sort of highly visible (and often not too demanding) post traditionally given to blacks in companies trying to prove their non-racial employment policies.

"You can't be an equal opportunity company and go out into an environment that's not equal at all," Kilroe points out, acknowledging that much more remains to be done.

But of one thing he is certain: that Shell was right to stay and work for change from within. And to judge from the ANC's eagerness to purchase Shell House, it seems unlikely that the company's stand on disinvestment will have any long-term impact on its commercial prospects. For the time will soon have passed when politics takes precedence over economics and the ANC knows it will need companies like Shell to build the new South Africa.

TECHNOLOGY

Contest hots up in the middle ground

IBM's mid-range computers are critical to its recovery from damage inflicted by a stagnant market, writes Alan Cane

International Business Machines (IBM), the world's largest computer manufacturer, earlier this week launched a small computer aimed at the strategically important mid-range market. Big Blue has taken a battering in the past year in a market which has seen sales plummet and is looking to the new model for a much-needed shot in the arm.

The mid-range area covers computer systems for small businesses and departments of larger ones. In the past couple of years, it has emerged as the most important area of growth in the computer business, increasing by about 10 per cent a year. In the US, personal computer sales are stagnant (0.3 per cent revenue growth in 1991), while sales of mainframe are, if anything, in retreat.

At just $12,000 (£8,879 in the UK), IBM's new machine, the 9402 Model D02, represents a technological and performance breakthrough for IBM. For the first time in the AS/400 range – IBM's middle market sector – all the electronics of the logic circuits are contained on a single printed circuit board compared with two for the next machine in the range, the DO4, and three for the original machine in the ASD/400 range.

The improved technology has resulted in price and performance benefits: the new machine offers 18 per cent better performance and is 26 per cent cheaper than its predecessor.

For the first time, the operating system and some application software will be provided ready loaded on the machine – the so-called "plug and go" concept.

The launch, however, serves principally to highlight the difficulties faced by customers in deciding what mid-range machine is best for them, and the questions raised by IBM's mid-range product strategy.

These include:

- What power range will the AS/400 range eventually span?
- Which offers the lower "cost of ownership", the AS/400 or a an open system machine (which is compatible with that from other manufacturers)?
- How should a customer choose between an AS/400 and IBM's own high-powered workstation, the RS/6000, for a mid-range application?

Today's AS/400 range can, to some extent, be seen as a exercise in catching up with industry trends. Digital Equipment, the world's largest minicomputer manufacturer, seized the initiative in the 1980s by exploiting what was then a new trend in data processing, "downsizing" – the substitution of smaller, cheaper computers for large, expensive ones. In a sense, it was no more than an extension of the trend which had seen the rise of the minicomputer in the 1970s to replace the mainframe.

But the fact remains that even if customers find they can substitute a smaller machine for a larger one, they soon exhaust their machine's power capacity and seek ones with extra performance.

Because Digital's Vax range uses the same operating system, VMS, from its small Microvax through to the mainframe-like 9000, it is simple for users to increase power while running the same software.

Most of the Vax range also runs Ultrix, Digital's version of Unix, the operating system which is quickly becoming the world standard for "openness".

Digital's initiative caught IBM napping. IBM had a diversity of mid-range machines of different design and running different operating systems. Because Digital had a single family of easily upgradable and compatible machines, IBM lost business to its rival hand over fist.

IBM's response to the challenge was the AS/400 range, a development of its System/38 family, perhaps IBM's most technologically radical computer. It was launched with a built-in relational database and "single level" storage – which made it easier for users to retrieve information.

The introduction of AS/400 also marked a new phase in IBM's relations with customers and software suppliers. Under the avuncular eye of Steven Schwartz, then general manager for mid-range systems, IBM consulted with its customers and persuaded software houses to write applications for the new range.

Schwartz's success is reflected by the fact that there are some 500,000 AS/400 systems installed worldwide, while the broader mid-range, which includes workstations and top of the range PCs contributes about $14bn (equivalent to the sales of the third largest computer company in the world) of IBM's $70bn global revenues and 30 per cent of its net income. Some 9,000 applications programs exist for the AS/400 family.

AS/400 undergoing testing at IBM's Rochester Minnesota plant. The plant last year won the Malcolm Baldrige award, the US's premier badge of quality

However, the mid-range market has changed. It can be served by a wide range of machines from networks of powerful PCs to workstations and small mainframes. Customers are increasingly asking for "open" systems which allow them to cut costs and connect machines from different manufacturers. IBM is trying to adapt to the speed of change in this new market.

"Application Business Systems", as the AS/400 sector is called, is now managed by Robert LaBant, an energetic and charismatic former general manager of marketing. He reports directly to Jack Kuehler, IBM president.

In a recent interview with the FT, Mr LaBant argued that the AS/400 family now addressed the full range of data processing applications. The performance of the smallest member of the range, he predicts, will increase by 30 per cent a year (through technological improvements); and the price, he says, will stay at about $10,000.

The top of the AS/400 range uses two processors; next year a machine with four processors will be introduced. "It is built. We are testing it now. I intend to take the AS/400 much higher, adding image processing, office functions and artificial intelligence. Over the next six years, I see a 100 per cent annual growth rate in terms of performance," predicts LaBant.

He envisages an eight-processor engine operating at 200m instructions per second – as powerful as the most powerful mainframe IBM makes today. But he emphasised that even the biggest AS/400s would not replace the largest mainframes IBM will build in future. LaBant believes the physical size of the smallest AS/400 will eventually shrink from desktop to laptop and even to palmtop.

On the challenge from open systems, and in particular from Unix, LaBant says, enigmatically,: "Open versus closed; good versus evil. It is an interesting discussion."

LaBant argues that the initial cost of a Unix system may be lower than the AS/400, but over time the Unix and other competitors will cost more, given the level of features already built into IBM's AS/400 machines. "The operating system has a lot of built in functionality – relational database, systems management capability, networking capabilities, security management and print functions."

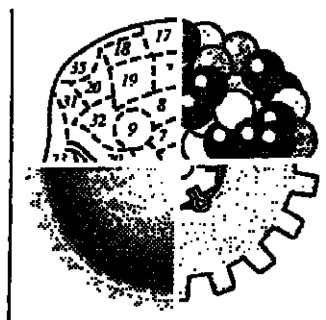
He has no plans to run Unix on the AS/400. Risc (reduced instruction set computing) processors are another matter. Risc involves the use of simple, high speed microprocessor chips, which trade off speed against complexity.

LaBant is already thinking about using risc processors in the AS/400 family. "We have three options – we could use a risc processor as the basic engine, as an input/output processor, or as a co-processor. We are experimenting with an AS/400 running in parallel with an RS/6000 chip. We want to see which of our customers might be interested in such a machine. If there is interest we might announce it in 18 months."

Bond dealers, for example, would find such machines useful for both data processing and numeric calculations.

On the question of which computers to use for particular tasks, LaBant's answer is again well-rehearsed. Where the application is commercial, involving a high level of transaction processing with frequent calls to the database, the AS/400 should be the preferred choice. Where work is mainly scientific or technical, the choice should be the AS/400.

The arguments are persuasive, but so are the opposing views held by IBM's competitors: namely that open system and risc offer greater cost benefits. The continuing success of AS/400, however, is critical to IBM's own recovery from the damage inflicted by today's stagnant computer market.



WORTH WATCHING

by Della Bradshaw

The cheaper way to powerful PCs

WHEN your personal computer runs out of speed for the tasks needed, there are two alternatives: upgrade the processor or buy a more powerful machine.

Upgrading the processor, by adding a further board to the PC, can often prove as expensive as buying a new machine. With this is mind Acer, the Taiwanese PC maker, has introduced "ChipUp", a way of upgrading the PC simply by replacing the main processor chip.

By prising the old chip away from the printed circuit board and replacing it with the new one the machine automatically takes on the extra power and speed, as the input and output systems have been developed to handle the extra capacity.

The first machine to incorporate the patented technology is a 486SX machine, which can be upgraded to run on a 486DX processor. The cost of the upgrade is that of the Intel chip.

Creaming the fat

A FAT substitute made entirely from milk, and which can reduce the fat content of creamy-tasting ice-cream from about 10 per cent to just 1 per cent, has been launched in Canada by Ault Foods, of Toronto.

The company is using the Dairylight fat substitute in its "Sealtest Parlour" ice-cream brand; eventually the substance could be used in cheese, spreads and other dairy products.

To make Dairylight the company removes fat from milk and treats the protein milk solids through a patented filtration and temperature control method to give the creamy texture of full-fat milk.

Ault has also developed a completely fat-free version of the food, but felt it slightly impaired the taste of the ice-cream. Dairylight is being used in a liquid form, but Ault plans to have a powder version available soon which could be sold to other dairy product manufacturers.

A store of knowledge

KEEPING a track of the latest stock and sales information in the retail trade can often mean stores having to constantly upgrade or change their electronic point of sale (Epos) equipment. That can mean changing the software at head office for sending information to and fro.

Digital Equipment has developed a software system that sits between the Epos retail systems and the head office business systems to enable them to communicate effectively, regardless of the supplier of the hardware – DTS, IBM, ICL, Siemens-Nixdorf or Telxon.

Intended for the medium to large retailer, Decartian, as it is called, could also prove effective for retailers which acquire other outlets and otherwise might have to replace the Epos systems in the newly-acquired stores.

Decartian runs on the Vax computer range and manages the flow of information from the central office back to the individual retail outlets, as well as polling the Epos systems in the stores for data.

Testing brain disorders

A FOUR-year old Massachusetts pharmaceutical company has filed an application with the US Food and Drug Administration to begin human trials of a compound which could result in the more effective treatment of brain disorders.

Today, many standard pharmaceuticals cannot be used to treat the brain because of the blood-brain barrier, which prevents substances with a large molecular structure from entering the brain from the bloodstream.

Alkermes, of Cambridge, believes its RMP-7 compound overcomes the problem by temporarily loosening the tight junctions between the cells which comprise the blood-brain barrier. This allows small molecules such as drugs to enter the brain.

The use of RMP-7, which is a synthetic analog of a group of compounds known as receptor-mediated permeabilisers, could eventually be used to enable antibiotics to be used for the treatment of Aids-related brain infections, or for delivering chemotherapy drugs for the treatment of brain tumours.

Versatile copiers

ANYONE with a digital colour copier from Canon can now use the same machine as a scanner, to input colour pictures into desk-top publishing systems, or as a colour printer, thanks to a development in the UK.

Meterquest, of London, and Hawke, of Basingstoke, have developed an expansion card to fit into a PC to enable it to take pictorial data from the copier. The board incorporates an Inmos transputer – computer on a chip – to process the massive amount of data needed for colour image processing.

The time needed between inserting the image into the copier and the time it appears on the screen is 20 seconds. Once the image is scanned, it can be manipulated before being printed out using the same copier. The card is being distributed in Europe through Canon outlets.

Sound and light shocks

AN electronic gadget intended to reduce stress by bombarding the user with light and sounds is now available to French consumers.

Tested on top athletes over the past year by developers Alpha Energie of Pessac, France, the energizer works on the basis that the brain tends to take on the frequency of any stimuli to which it is subjected. Thus, says the company, by gradually generating stimuli to the ears and eyes on the same level as relaxing alpha waves, the machine creates a state of well-being.

The electronic box, headset and goggles can also reduce pain, says the manufacturer, which is looking for distributors outside France.

Contacts: Acer: Taiwan: 3 489 3188; UK, 0753 523024. Ault Foods: Canada, 416 626 1973. Digital Equipment: US, 508 493 5111; UK, 0695 230011. Alkermes: US, 617 4494 0171. Meterquest: UK, 071 378 5557. Hawke: UK, 0256 880800. Alpha Energie: France, 56 46 40 05.

THE PROPERTY MARKET

Funds aim to make a mark

By Vanessa Houlder

This week's launch of the first authorised property unit trusts (APUTs) just might turn out to be a landmark for the commercial property industry. If the funds take off, they will allow the industry to tap private individuals as a new source of investment finance.

The massive German funds, such as DEGI and DGI, show what can be done. In Germany, high-yielding property funds are seen as an attractive alternative to bonds or equities for long-term saving plans.

However, it is hard to see this type of property fund inspiring the same popularity here in the foreseeable future. "I think it will be some time before it really takes off," says Mr David Sproul, a property expert at Arthur Anderson, the accountancy firm. "We are not as a nation great savers. There is still a lot of concern about where the property market is going. People may be jaundiced by the state of the residential market."

Mr Malcolm Tibbits, a fund manager for Barclays Unicorn Property Trust, a £30m fund which was authorised this week, acknowledges the problem. "It is more difficult to promote something when there has been a downward movement in values," he says. "People will be mindful of what has happened recently to values.

However, the new funds claim that their attraction lies in the assumption that the property market has hit bottom. "The way to invest is counter-cyclically," says Mr Chris Laxton, a fund manager behind the £53m Norwich Union Property Trust, which was also launched as an APUT this week. "The small investor usually tends to come in at the top of the market and get out at the bottom."

Certainly, no one will be buying on the crest of a wave, this time. Since the Norwich Union Property Trust was launched a year ago, with institutional funds, the price of the has dropped from £1 to 80.8p.

This embarrassing fall was largely due to the poor performance of property company shares, which account for between 20 and 30 per cent of the fund in an effort to ease liquidity.

Perhaps a greater deterrent is the poor long-term performance of the Barclays Unicorn Property Trust, which was set up 20 years ago for Barclays' private clients. Its managers say that the fund has kept pace with the average performance of the property market and yet anyone who put £1,000 into the Barclays Unicorn Property Trust at its launch and reinvested the income, would now be able to collect just £4,753. The cost of living has gone up sixfold in the period.

Although the new funds believe that, by and large, the market has hit bottom, it is hard to envisage a rapid turnround in the next couple of years. "It is a long-term investment. We are not expecting a blaze of glory on day one," says Mr Laxton. In the short term, income, rather than capital gain, would be the main attraction of the trust, he says.

"We are not putting it forward as an alternative to equities," he adds. We are trying to sell it as a means for diversification." However, after the convulsions of the past year it may be difficult to persuade private investors of property's traditional virtues of stability and counter-cyclicality with the equity market.

Private investors might also be put off by the lack of enthusiasm for property shown by many pension funds. Indeed, at the same time as Norwich Union is launching its new unit trust, its life fund is reining back its property holdings and has even sold one of its buildings to the trust.

Another worry for investors is the illiquidity of property investments. Investors may hark back to 1987 stock market crash, when they found they could not bail out of unit trusts because their funds could not sell their shares fast enough.

Property funds may be particularly prone to this to judge by the experience of Rodamco, the world's fourth-largest property fund last year, when it had to stop buying back shares at net asset value after the nosedive in the UK and US property markets.

In an attempt to overcome this, the Securities and Investments Board, the City regulator, insists that only 80 per cent of the funds in the new trusts should be put into property. Moreover, the funds have the ability to restrict individual holders to 10 per cent of the fund. "We won't be held to ransom," says Mr Laxton.

RENTAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to July 91	0.9	−3.9	2.3	−0.7
Quarter to July 91	−0.5	−2.7	0.1	−1.2
Month of July 91	−0.1	−0.7	0.2	−0.3

Investment Property Databank

A glut that will not go

First, the good news: the rate at which new offices are coming on to the collapsing London market is slowing, writes Vanessa Houlder.

In the three months to June, the central London office mountain grew by 1.5m sq ft. While this addition is substantial in itself and brings the total available office space to a record 31m sq ft it is less than half the rate of increase in each of the five previous quarters.

The bad news is that the slowdown will not help remove the glut. A report by Debenham Tewson Research, the chartered surveyor, shows demand from occupiers crumbling. The central London annual take-up rate is 30 per cent less than a year ago and less than 60 per cent of the 1987 peak.

"If take-up remains at its current subdued level, available office space will continue to rise over the remainder of this year and into 1992," says Debenham Tewson. Vacancies in central London are likely to remain at an unprecedented 16 per cent rate for another year.

The City, as usual, has the biggest show of "To Let" boards. However, new developments will be relatively uncommon for several years, so the present vacancy rate of 18 per cent will probably not be exceeded.

The City is is also competing for tenants with Docklands, which also has a surplus of large office blocks. "The progress of the Docklands market is hampered by an over-supply of new offices in the City, while the City's position is put at risk by the plentiful supply of quality buildings at low rents in Docklands," says Debenham Tewson.

In the West End and London's "mid-town" markets, where the vacancy rates are 12 per cent and 15 per cent respectively, most surplus space is second-hand.

On the face of it, potential tenants are faced with offers that will not recur. "Such a wide choice of large, quality units is unlikely to be repeated within the next 3-4 years, possibly longer," says Debenham Tewson.

However, relatively few businesses can take advantage of this situation. Demand is shrinking to early 1980s levels because of the recession and a fundamental review of employment levels by many big central London office employers.

Redundancies have afflicted financial services firms, accountants, management consultants, advertising agencies, and television staff. Only solicitors, insurance companies and energy businesses are actively looking for space.

Even those businesses determined to move are being frustrated. Getting rid of a rump of a lease can be difficult at a time of severe property oversupply. "The fear of incurring double overheads on accommodation costs is a major obstacle to any improvement in demand," says Debenham.

The problem is worsening. As rents fall, tenants are increasingly finding they have to pay more than the market rent. They (or their new landlord) may have to make up the difference if they are to find a new tenant to take the lease off their hands.

As a result, the rent price war alone may not be enough to stimulate demand. "Economic recovery needs to have taken a firm hold and the risk of double overheads minimised before tenants can respond in volume to the blandishments of very low rents," says Debenham Tewson.

BUSINESS FOR SALE

COMPANY NOTICES

NEW KLEINFONTEIN PROPERTIES LIMITED
(Incorporated in South Africa)
Reg. No. 01/00854/06
PROFIT ANNOUNCEMENT

FINANCIAL

The audited results of the Group's operations for the year ended 30 June 1991 are as follows:

INCOME STATEMENT	30 June 1991 R000	30 June 1990 R000
Turnover	8 779	8 939
Operating Income	6 013	6 048
Taxation	2 311	2 729
Net Income attributable to shareholders	3 702	3 319
Net loss attributable to outside shareholders	195	-
	3 507	3 319
Extraordinary item	1 200	-
	4 707	3 319
Transferred to Non Distributable Reserves	1 200	-
	3 507	3 319
Earnings per share (cents)	174.5	165.1
Dividends per share (cents)	62.0	50.0
Dividend cover (times)	2.8	3.3

DECLARATION OF FINAL DIVIDEND

NOTICE IS HEREBY GIVEN that dividend No. 95 (Final) of 46 cents per share (1990 - 34 cents) for the year ended 30 June 1991, has been declared payable to holders of ordinary shares registered in the books of the company at the close of business on 9 October 1991, and to persons presenting Coupon No. 195 detached from Share Warrants to Bearer.

Warrants in payment will be posted on or about 1 November 1991.

Non-resident shareholders' tax at the rate of 15% will be deducted where applicable.

The conditions applicable to this dividend can be inspected at the Johannesburg and U.K. offices of the company.

The 1991 Annual Report will be mailed to shareholders on 24 September 1991.

ENCASHMENT OF COUPON NO. 195

The dividend on shares included in Share Warrants to Bearer will be payable on or after 4 November 1991 to persons presenting Coupon No. 195 at the U.K. office or at the office of Credit du Nord, 6-8 Boulevard Haussmann, 75009, Paris. Coupons presented at the U.K. office will be subject to deduction of United Kingdom Income Tax unless accompanied by Inland Revenue declarations.

NOTICE OF NINETY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ninety-fifth annual general meeting of members will be held in the board room, 2nd Floor, AFC House, 25 Wellington Road, Parktown, on Wednesday, 30 October 1991, at 10h30.

BY ORDER OF THE BOARD

J.W. Mackenzie) Chairman
G. Fischer) Managing Director
13 August 1991

Registered Office: 25 Wellington Road PARKTOWN, 2193.
Transfer Secretaries: Barclays Registrars Ltd, 34 Beckenham Road, Beckenham, KENT BR3 4TU
U.K. Office: AFC Investments Ltd. c/o Mr. R.S. Brunt, P.O. Box 1306, Hockley, Essex SS5 5BQ

CONTRACTS

North Sea project

A £7m contract for a sulphate removal package has been awarded to **WEIR WESTGARTH** by Matthew Hall Engineering, on behalf of AGIP, for the Tiffany field.

The plant will remove sulphates and other divalent ions from injection water used to enhance oil recovery. The removal of these ions will reduce the tendency of barium sulphate and strontium sulphate scale to form in the reservoir production tubing and vessels.

In the past the problem of scale formation has been tackled by chemical dosing. The new method, based on nano-filtration technology, is a membrane process developed jointly by Marathon Oil and Dow Chemicals' using *FILMTEC* NF40 nano-filtration membranes.

Under an agreement with Marathon and Dow, Weir Westgarth has exclusive rights to use the process and membranes in North Sea applications.

The Tiffany plant will treat 888 cu metres of sea water an hour, working at 75 per cent recovery to produce 666 cu metres an hour (100,000 barrels per day) of treated seawater with a maximum sulphate content of 150 parts per million.

The package forms a structure consisting of a base and two upper decks. It uses high pressure pumps and more than 900 FILMTEC NF40 nano-filtration membranes together with conventional cartridge filters.

Delivery of the package, designed by Weir Westgarth, is scheduled for January 1992 to meet a critical weather window for the main platform.

Supplying printer servers

EMULEX has won a £3m contract from Hewlett-Packard to provide Emulex Performance 3000 distributed printer servers for HP's internal local area networks in more than 20 locations worldwide.

Using the TCP/IP communications protocol the P3000's will enable HP computer users to share valuable printer and plotter resources at centrally located print stations. Up to four printers, running at up to 3,000 lines per minute, may be supported simultaneously thanks to Emulex's proprietary 25 MHz I/O processor working in tandem with a standard 10 MHz MOS central processor.

Factory expansion plan

BOVIS CONSTRUCTION, a P&O Company, has received a £2.5m management contract to build and fit out a 32,000 sq ft extension in Market Drayton, Shropshire, for Palethorpes, a subsidiary of Northern Foods.

Work will start this month on a 32-week contract to build a predominantly single-storey, steel-framed extension to the existing factory.

The building envelope will combine single membrane roofing with profiled metal cladding and insulated wall linings.

All internal surfaces will be fully washable to maintain the high standards of hygiene required.

The new extension will house an automated "in line" facility consisting of a production area, travelling ovens, cooling plant, wrapping and despatch chilling for fresh sausage rolls and pasties or pies.

Electrical services work

A near £600,000 contract for electrical services in the reconstructed 16 John Dalton Street, Manchester, has been awarded to **W A BOULTING**.

The Warrington-based electrical contractor is installing mains distribution and general area lighting, power and fire alarms in an 11-level office block being built behind a retained Victorian venetian facade by Costain Construction.

Linkage to a building management system and provision of services for telecommunications, air conditioning and public address networks also form part of the electrical scheme, which will be completed to the core and shell stage. The services contract is scheduled for completion in mid-1992.

★ ★ ★

HALL & TAWSE, part of Raine Industries, has been awarded a £4m contract to build a regional blood transfusion centre in Aberdeen. Work on the new centre is due to be completed in the summer of 1993.

LEGAL NOTICES

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of The Insolvency Act 1986
HICKERY INTERNATIONAL PRODUCTS CORPORATION LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986, that a meeting of the creditors of the above-named Company will be held at The Palace Hotel, 31 Great Cumberland Place, Marble Arch, London W1, on 17th September 1991 at 12 noon for the purposes provided for in Section 98 et seq.

A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.

Dated this 29th August 1991
Jonathan M. Payne, Director

MEETING OF CREDITORS
Pursuant to Sections 98, 99, 100 and 101 of The Insolvency Act 1986
MIKE POPE LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of The Insolvency Act 1986, that a meeting of the creditors of the above-named Company will be held at The Palace Hotel, 31 Great Cumberland Place, Marble Arch, London W1, on 18th September 1991 at 2.30 pm for the purposes provided for in Section 98 et seq.

A list of names and addresses of the above Company's Creditors can be inspected at the offices of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, between the hours of 10.00 am and 4.00 pm on the two business days preceding the Meeting of Creditors.

Dated this 2nd September 1991
M. D. C. Pope, Director

CLUBS

Domestic display of Asian artifacts

Susan Moore admires the Walters collection in Baltimore

Asian art seems to be the flavour of the 1990s – an echo of the Japonisme and passion for Chinese blue and white that swept Europe and America a century before. The last few months have seen major museum exhibitions of Indonesian art in the US, and the launch of a Japan Festival in Britain that must rank as the most ambitious arts festival ever staged. Next month Cleveland Museum of Art in Ohio presents what is billed as one of the most important exhibitions of Japanese art held outside Japan.

A more durable expression of late-20th-century orientalism, however, is the recent resuscitation and rehousing of three of the world's most outstanding Asian art collections. Hitherto, all three were largely left sleeping in museum stores.

The new T.T. Tsui Gallery of Chinese Art in London's V&A enables the museum to display for the first time the whole range of its holdings, notably light-sensitive Tang Dynasty textiles and Imperial lacquer furniture. New annexes at the Musée Guimet in Paris and the Walters Art Gallery in Baltimore not only allow the museums to restore to public view long hidden works of art of superlative quality, but to present them more or less as their benefactors intended.

Emile Guimet had conceived of a museum of Japanese and Chinese Buddhist art. Such a concept found little support in secular Third Republic France after his death in 1918, and as the museum grew to absorb material from all over South-East Asia, Guimet's own collection receded from view. The French government's enlightened acquisition of a townhouse beside the museum at No 19 Avenue d'Iéna at last provides for the Buddhist pantheon that Guimet envisioned.

The collection amassed in Baltimore by Walters père et fils is as eclectic as Guimet's is narrowly focussed. William Walters, whose fortune came from railroads and banking, had a penchant for 19th century painting and sculpture, and Chinese and Japanese art. Henry inherited his father's passions, and added to them a taste for Egyptian, medieval and Islamic art. William regularly opened his home to the public after 1873. Henry built a handsome neo-Renaissance gallery in 1904-9 in which, over the years, the Asian collections found ever diminishing space. By the 1970s, only 150 Asian works of art were on display; some 3,000 languished in store.

A solution to the acute space problem came when one of Baltimore's finest houses, a Greek Revival mansion of 1850, was bought by Willard and Lillian Hackerman and donated to the city in 1984. Given the house's proximity to the Walters, it was granted to the museum for use as an Asian wing. A new gallery of "The Art of India and South-East Asia" (primarily housing the Alexander B. Griswold gift of Thai sculpture) was constructed above its mews, and the courtyard linking house and museum glazed over to make a lofty, light-filled restaurant. This certainly trumps the V&A's "ace-caff". Its approach to presenting Chinese and Japanese art is also radically different.

In London we find the artefact as social history – a functional, mass-produced item is as valid a historical document as an exquisite rarity. Aesthetics are almost incidental. In contrast, the Walters offers an unashamed celebration of beauty and technical virtuosity, a heady attack on the viewer's senses. It is an academically unfashionable approach and it is a triumph. There is no shortage of clear, intelligent information and no one is patronised. One leaves enriched and exultant.

The ground floor of Hackerman House retains its domestic character. Something akin to its original curtains, carpets and wallcoverings has been restored. The aim is to recreate an impression of a connoisseur's interior c. 1900. Old photographs of William Walters' house provide guidelines to how America's pioneering oriental art collectors displayed their trophies, but the clutter of his vitrines is pared down to a coherent richness.

The great glory of the Walters' Asian collection is its Chinese porcelain: its holding of 18th century Qing is rivalled only by that in the V&A. The grand 60ft long double parlour, called "The Great China Rooms", is lined with spare arrangements of choice late Ming and Qing blue and white, cloisonné, famille rose and famille verte, and garnitures range across the mantelpieces. A feast of variously glazed porcelains graced with 18th and 19th French mounts rise up in a central, Dutch-inspired central display. The effect is sumptuous.

William Walters' beloved monochrome porcelains glow in the tenebrous "Chinese Library". Especially glorious are the rare and subtly mottled "peach-bloom" and "ox-blood" wares, and fine celadons and white ware. In pride of place is the infamous 8in high Qing peach-bloom vase, purportedly the finest specimen of its class when William bought it in 1886 for the unprecedented and staggering sum of $18,000.

To some extent, the honing down of the Chinese and Japanese porcelain collections for display lends a misleading and rarified quality to the Walters' acquisitions, which were often bought in bulk and not always with discrimination. Nowhere is this more apparent – even after considered curatorial distillation – than in the realm of Japanese art, and the "Japanese Study" with its virtual bric-a-brac of arts of Japan 1816-1904. The Walters bought fine late 19th century Hirado porcelains, but they also purchased the curved elephant tusk carved with monkeys, the gilt pagoda-cabinet, and the kitsch carving of a schoolgirl acquired at the Panama-Pacific Exposition in San Francisco in 1915. Here the collection brings to mind the Bowes Museum in Barnard Castle whose founders were also avid shoppers at the great international exhibitions.

Collector's cabinet turns into museum proper after climbing the house's elegant staircase. Rooms are devoted to Chinese funerary objects, exceptional early Buddhist sculpture – including the earliest Chinese lacquered wooden Buddha known to survive – Chinese scrolls, Japanese screens, lacquers and "The World of the Samurai". Both designers and curators must be congratulated for this sequence of perfectly judged installations. I have never seen works of art – notably the inro and Japanese armour – so beautifully presented. Let us hope that the keeper of the antediluvian Oriental Museum in Venice is planning a visit.

The Chinese Library in Hackerman House

Adam was a Gardener

MINERVA THEATRE, CHICHESTER

Chichester is a place I always rejoice to revisit, but seldom does its theatre offer a play that develops the ideas the place lodges in my head: the historic past and the present, conservation and progress, an idyllic locale and man's work on nature. This new play, however, draws these threads together. Louise Page has, in fact, written a modern rural ghost story, with an optimistic ending and this accurate subtitle: "An evocative love affair between the past and the present." A highly awkward type of play, I hardly need to remark.

Doubts, however, are soon allayed by the sensitive intelligence of Page's writing. Annie, a young woman with a young son, has, after a nervous breakdown, abandoned a lucrative advertising career. Now, working for her entrepreneur brother Luke, she reconstructs the garden made two centuries ago by the explorer-botanist Richard Stephens. Gardening is her therapy; but, when Luke buys the original journal Stephens kept when building the garden, Annie enters so fully into Stephens's garden and world that she starts to see him; even to converse with him.

This doesn't surprise us greatly, because he, his wife and patron have already appeared to us in several scenes. And we see how for Stephens then, as for Annie now, the garden sublimates personal desires and frustrations.

Annie's interest in Stephens goes beyond archivism. She understands his ardour to invest in the future; she is, in fact, the very woman of the future for whom he made the garden. And from this she finally learns to invest in her own life. It is not hard to find fault here. Some of the dialectic about "the past" and "the future," at once too artful and too heavy, keeps verging on corniness. relationship between Annie and Luke is not at first clear enough; in their first two scenes you could, I think, take him for her (unfeeling) husband. The unhappiness that afflicts Annie is left far too vague.

Still, the play's virtues easily carry the day. Here are some of its more remarkable feats. We always see both how the characters see themselves and how they look to others; in particular, we can be caught up in Annie's visions and yet still see how crazy she might appear to others. We can interpret (as in *Turn of the Screw*) the scenes between Stephens and Annie as real phenomena or as the intense projections of her neurosis. The writing of the late-18th-century scenes is remarkably natural, with only a few anachronisms.

At present it works mainly like a good radio play. This is largely because the black backdrop of Paul Farnsworth's designs (otherwise admirably economical) fails to conjure up any sense of outdoor place. The cast is a fine one. Sharon Maugham (she of the Gold Blend couple) is an attractive Annie, though too temperamentally normal; a dash more neurosis and individuality would heighten matters considerably.

As Stephens, Simon Dormandy is outstanding, with just the nervous intensity and commanding personality I mean. Some of the best writing goes to the secondary figures – Stephens's unhappy wife, Annie's difficult little son, and the gardener Mr Hodgkiss – roles played with finesse by Petra Markham, Alex Scott and Geoffrey Freshwater. Caroline Sharman directs, and must be largely responsible for the naturalness with which this tricky stage endeavour succeeds. I found *Adam was Gardener* utterly absorbing. Its central dilemma – largeness of spirit versus personal anguish – strikes home with delicacy and with force.

Alastair Macaulay

Blue Night in the Heart of the West

BUSH THEATRE

The new plays so far provided by this decade have been a pretty earthbound lot, so it is with a frisson of excitement that one witnesses a new young writer unfurling his wings; it is impossible to tell yet whether they will prove capable of long-haul flight, but at least they have lifted him, and us, above the imaginitive rut into which the fringe seems to have trundled itself.

James Stock's first play *A Pricksong for the New Leviathan*, premiered at Islington's Old Red Lion in 1989, established him as a promising new presence; his third, produced under the patronage of Barclays New Stages, is a richly imagined, chaotic and scurrilous look at one of the cardinal tensions of our age: between the drifters and the stay-at-homes; the former often in futile search of a better life; the latter armed with shotguns to keep newcomers out.

It is a global issue, but Stock does not generalise, reducing his canvas to a hapless Scots laddie, bent on self-betterment, and the Iowa outback to which an ill wind blows him in search of the promised land. Leaving behind the cosy mythology of his Scots ancestry (a reeling spectral grandfather who scorns his attempts to claim heritage by wearing a kilt), Andrew clings to the shears that are the tools of his gardening trade.

After losing all his money in an elaborate New York heist, he arrives in a small-town US which disowns its daughters for the incest it licences in its sons. Ingenuously, he blunders into a community madness – of mutilation, self-abuse and illicit consumation – which adds echoes of Peter Greenaway's films to a splat of references ranging from a reality-warping *Wizard of Oz*-style cyclone to distorted lines from the poetry of T.S. Eliot.

Alastair Muir

Lynne Verrall and Tom Mannion

It is not always easy to keep up with it all, but Stock has a clever knack of deflecting irritation with moments of irrisistible humour, often based on strikingly perceptive observation. The New York heist, for instance, is no ordinary mugging, but a confidence trick involving a phony Polish down-and-out, masquerading first as a corpse, and then as a destitute seller of religious icons who just happened to be taking a nap on the sidewalk. The absurdity of the situation reveals the absurd vulnerablity of the cultural outsider whose codings are adjusted so as to make it impossible for him to imagine that such an apparently vulnerable figure could be a racketeer.

This deflationary humour is finely sustained by Sallie Aprahamian's direction, which allows poetic interludes – such as the repeated presence of a languid dancer behind a gauze – to co-exist with brutal images of death and decay. She has a filmic ability to focus in from a big scenes to something as small and detailed as the human hand, writhing in a single spotlight.

The performances are superb, grainy, committed, from Matthew Zajac's likeable ingenu, to Virginia Radcliffe's lovely manipulator; from Lynne Verrall's grim-faced matron to the primitive sexuality of Tom Mannion as her farmer son. Where it all gets us I'm not sure, but it is certainly far from the beaten track.

Claire Armitstead

Leipzig Gewandhaus Orchestra

SYMPHONY HALL, BIRMINGHAM

Throughout the week the Leipzig Gewandhaus is in residence at Symphony Hall, the first visiting orchestra to make such a commitment to the new auditorium. It is presenting a cycle of the Beethoven symphonies under its Kapellmeister Kurt Masur, before he goes off to New York to conduct his first concerts as the Philharmonic's new Music Director, while retaining his links with Leipzig.

On the evidence of Wednesday's programme the New York public is unlikely to be scandalised by his interpretations, for the Fourth and Fifth Symphonies were placed very centrally in a Germanic performing tradition that must have stayed virtually unchanged for the best part of this century.

The Leipzig is a solid, sumptuous band, supporting its woodwind instruments with thick cushions of string sound, encouraging its brass to a warm, refulgent glow. Combined with Symphony Hall's matchless warmth and transparency the product was often thrillingly vivid, and for the first time in an orchestral concert the auditorium's acoustic doors had been opened to add the benefits of the huge backstage resonating chamber to the sound. But if it created a memorable sonic experience it was one singularly inappropriate to middle-period Beethoven: just why Masur and his heavyweight orchestra had felt the need for the extra resonance in such repertory remains a mystery.

It is not just that the likes of Gardiner, Norrington and Brüggen have demonstrated the increased effectiveness of Beethoven's part-writing when matched to instruments of appropriate scale and tone power; for all the care in Masur's conducting, his concern for rhythmic pointing and decently energetic tempi, the symphonies were generally homogenised into flavourless textural soup. Woodwind solos had to rise above their accompaniments by sheer force of tone, and inner parts could never be distinguished, and often too it sounded just unidiomatic. The heavyweight expressive string lines that intertwined in the slow movement of the Fourth could have settled happily into *Das Rheingold*, the opening of the scherzo in the Fifth would have been so much more unsettling had the cellos seemed less fulsome, while the fearsome juggernaut launched in the finale of the same work would have brought a late Bruckner symphony home in triumph.

*

In my review of last Thursday's Prom, conducted by Vladimir Ashkenazy, I inexcusably misidentified the orchestra involved: Ashkenazy was in charge of the Royal Philharmonic, and not the Philharmonia. Apologies to everyone concerned.

Andrew Clements

Two Musicals

We missed the last 15 minutes or so of *Wuthering Heights* (Old Fire Station, Oxford) because the last train to London is now scheduled to run back to London remarkably early. Most people would probably prefer to do without the first 15 minutes where the show is slow to take shape. In the intervening couple of hours, however, it is clear that something rather ambitious is trying to get out.

This *Wuthering Heights* is misleadingly billed as a musical. Although there is more than a touch of Sondheim in it, it is much closer to Benjamin Britten than it is to even the cleverest of musicals. It is an opera in all but name. The composer is Martin Yates and practically all the (very experienced) performers have more of a background in music than in the straight theatre.

So far, it is only partially successful. One of the difficulties lies in the epic nature of Emily Brontë's epic novel. There must be doubts whether it can be done with only two pianos and no other instruments, though it is still a pretty bold attempt. It is also plain, at least from this production, that not all the characters lend themselves as easily to operatic treatment as others. There is a big question mark over Hindley Earnshaw who emerges more as a straight lout than any kind of tragic figure. Yet there is no doubt about Cathy as sung and played by Fiona O'Neill. Ms O'Neill has voice, pathos, tragedy and some wonderful facial expressions.

One would not dream of making a final judgment of a production still in its experimental stages, even though the company has willingly exposed it to the critics. It is enough to say that the Old Fire Station in Oxford has emerged as a very exciting place. Here is small theatre, backed by Cameron Mackintosh, carrying experimentation with musical theatre to its sensible limits. If Stephen Tate, the director, can find a more certain start and delete some spitting that mars the first few minutes, this production might well take off.

*

Meanwhile, anyone who wants to see why the English musical needs new dimensions might like to look at *Good Golly Miss Molly* (Arts Theatre, London), which has arrived after breaking box-office records at Newcastle-under-Lyme.

The piece is at least unpretentious. It says it draws on nostalgia for the 1950s and '60s, and that is what it does. There is a local pop group, part of which since made good. The old stars are called upon to back a campaign to prevent a housing estate being redeveloped by the council. The first line is "It's a bit bloody loud", and that's true as well.

We move from Dean Martin's greatest hit ("Memories are Made of This") to "This Old House" and, inevitably in the circumstances, "We Shall Not Be Moved". The politics are a bit nostalgic, too. "Support the miners: the Heath Government must go", someone says limply. Then on to Mrs Thatcher: "First Argentina, now the NUM!" Of course, the protestors win. Nostalgia is preserved. Although I do not trust first night audiences in London, the show, written and directed by Bob Eaton, seemed to be very popular. The whole cast, with Sarah Mortimer as Miss Molly, is a terrific bunch of troupers.

Malcolm Rutherford

INTERNATIONAL ARTS PREVIEW & FESTIVALS

London's theatres are gearing up for what is already being hailed as one of the strongest autumn seasons for years. The spate of "new season" openings starts on Tuesday with a Royal Shakespeare Company production of Richard II at the Barbican and a new Timberlake Wertenbaker play, Three Birds Alighting on a Field, directed by Max Stafford-Clark at the Royal Court. On Wednesday at The Pit, the RSC stages the British premiere of Sam Shepard's Curse of the Starving Class. Next Thursday, the Almeida presents Hippolytos, Euripides' great tragedy of revenge and forbidden passion, in a production directed by Andrei Serban, with Janet Suzman as Phaidra and Ian McDiarmid as Theseus. Thursday is also the first night of David Thacker's production of Shakespeare's The Winter's Tale at the Young Vic.

On September 25, the Theatre Royal, Haymarket, starts previewing a revival of Jean Anouilh's Becket, directed by Elijah Moshinsky, with Derek Jacobi and Robert Lindsay as Henry II and Becket. The majority of premieres in subsequent weeks are new plays: David Hare's Murmuring Judges at the Olivier, Tom Conti in The Ride Down Mount Morgan by Arthur Miller at Wyndham's, Hugh Whitemore's It's Ralph, and the Ayckbourn two-parter The Revengers' Comedies at the Strand.

The Covent Garden season opens tomorrow with a revival of Nuria Espert's production of Rigoletto, restaged by Jeremy Sutcliffe and conducted by Sian Edwards. Leo Nucci sings Verdi's hunchback, with Mariella Devia as Gilda, Giuseppe Sabbatini as the Duke and John Tomlinson as Sparafucile (also Sep 10, 17, 24, 28, Oct 1, 9, 12, 15, 19, 22). The first new production of the season is Das Rheingold (Sep 16), completing Götz Friedrich's staging of The Ring, conducted by the Royal Opera's music director, Bernard Haitink. There will be two Ring cycles between Sep 21 and Oct 17. The English National Opera season is already well under way, but the first new production does not come until Oct 30: Paul Daniel will conduct Graham Vick's staging of Le nozze di Figaro, with Bryn Terfel as Figaro and Joan Rodgers as the Countess.

The Moscow City Ballet arrives at Sadler's Wells on Monday for a two week season, with a staple classic diet of Sleeping Beauty, Swan Lake and Giselle, plus a triple bill of contemporary Soviet choreographies. It is a youthful ensemble, headed for this visit by illustrious guests - Lyudmila Semenyaka and Galina Mezentseva.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum Indian Miniatures from Paris: 100 pieces illustrating Mogul histories and Hindu epics from the 16th to 19th centuries. Also Court Gems from India, including a relief in alabaster showing a portrait of the Great Mogul Shah Jahan. Ends Sep 22. Closed Mon

Van Gogh Museum Japan: Van Gogh's Utopia, examining the influences of Japanese prints and culture on the life and work of Van Gogh. Ends Sep 22. Daily

BASLE

Kunstmuseum Swiss Drawings 1800-1850: a selection of the best work of the period, in which Swiss artists were searching for their own path between the Romantic school in Paris and the circle of German artists in Rome. Ends Oct 27. Also 20th century drawings from the Burckhardt-Koechlin Foundation, including work by Picasso, Alberto Giacometti. Modigliani Dubuffet, Ernst and Beuys. Ends Dec 8. Closed Mon

BERLIN

Agyptisches Museum Twilight of the Pharaohs: an exhibition reuniting the collections from East and West Berlin, and celebrating the discoveries and research of the 18th century Egyptologist Jean-Francois Champollion. Ends Oct 20. Daily

Altes Museum Rembrandt: the biggest exhibition ever mounted of the Dutch master's paintings and drawings, taking into account latest scholarship on the question of attribution. 50 unquestioned Rembrandt paintings will hang alongside 40 others now reattributed to his pupils, together with a parallel showing of drawings. From next Tues till Nov 10

Schloss Charlottenburg Imperial Art from the Dutch Exile of Kaiser Wilhelm II: paintings, sculpture and artefacts, including silver and furniture from the time of Frederick the Great. Ends Sep 29. Closed Mon

Schloss Köpenick Rosenthal porcelain: a collection of work by one of the leading early 20th century German porcelain manufacturers, tracing developments in design from Jugendstil to the 1940s. Ends Jan 5. Closed Mon and Tues

FRANKFURT

Schirn Kunsthalle Picasso, Miro, Dali and the origins of modern art in Spain: an exhibition, mounted with the help of the Museo Nacional in Madrid, tracing the development of Arte Nuevo from 1900 to 1936. Ends Nov 10. Closed Mon

GLASGOW

Kelvingrove Vuillard (1868-1940): the first major showing of his work in Britain since 1948. The exhibition concentrates on Vuillard's work from early to mid-career, showing how his development as a painter owed much to his home environment. Ends Oct 20. Daily

HAMBURG

Museum für Kunst und Gewerbe Felice Beato in Japan: landscapes, towns, villages and people photographed in the feudal era of the 1860s. Ends Oct 20. Closed Mon

LONDON

Tate Gallery John Constable: largest-ever survey of the English artist's work. Ends Sep 15. Also William Blake: 150 watercolours, drawings and engravings from the Tate's fine collection of work by the English visionary poet and painter. Ends Nov 2. Daily

Victoria and Albert Museum Schinkel: A Universal Man, an exhibition devoted to one of the greatest and most influential classical architects of the 19th century. It includes paintings, architectural drawings, furniture, sculpture and silver from the Schinkel archive in Berlin. Ends Oct 27. Also Postmodern Prints: an exhibition of 50 objects by international artists, aimed at encouraging an assessment of the conflicting versions of Postmodernism. Ends Oct 27. Daily

LUGANO

Villa Favorita Magnificent Switzerland: Swiss Views by Foreign Artists. More than 80 oils and watercolours by major artists of the 18th and 19th centuries, including Turner, Corot, Bierstadt and Delacroix. Ends Oct 31. Closed Mon

MADRID

Museo Nacional de Etnologia Africa A Century Ago: sculpture, wooden statues, armour, costumes and ornaments collected at the end of the 19th century in Equatorial Guinea and other sub-Saharan locations. The exhibition includes a reproduction of living quarters from the period. Ends Dec 31. Daily

MILAN

Palazzo Reale Filippo de Pisis (1896-1956): an exhibition, drawn primarily from Milanese private collections, of paintings by the Italian artist who based his style on the fluent, quasi-Impressionist brushwork of Manet and Guardi. Ends Oct 13. Daily

NEW YORK

Metropolitan Museum of Art Masterpieces of Impressionism and Post-Impressionism, including works by Gauguin, Cézanne, Van Gogh, Renoir and Degas. Ends Oct 13. Closed Mon

Museum of Modern Art Lee Friedlander: Nudes. A selection of 50 photographs of female nudes ranging from intimate portraits to abstract figure studies. Ends Oct 8. Closed Wed

Whitney Museum of American Art Hunt Diederich: figurative sculpture and drawings by a long-neglected early 20th century artist. Ends Sep 29. Also John Baldessari: retrospective of 22 years of work by a pioneer of conceptual art. Ends Oct 20. Also American Life in American Art: the 20th century American experience as seen in paintings and sculptures from the permanent collection. Ends Nov 10. Closed Mon

PARIS

Jeu de Paume Jean Dubuffet: The Last Years. More than 100 paintings and 90 drawings by the founder of Art Brut, dating from the period 1974-85. Ends Sep 22. Closed Mon

Louvre, objets d'art department A newly opened room housing the Edmond de Rothschild donation, ranging from Hellenistic goldsmiths' work to Watteau and Fragonard drawings, Sèvres porcelain and 18th century French furniture. Closed Tues

Musée d'Art Moderne El Lissitzky: 200 works, many lent by the Tretiskov Gallery in Moscow, offering a retrospective of the Russian constructivist (1890-1941), who was a major figure of the avant-garde at the time of the 1917 Revolution. Ends Oct 13. Closed Mon

Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musee d'Orsay and Versailles

ROTTERDAM

Museum Boymans-van Beuningen Bruce Nauman: a travelling exhibition of his complete prints, assembled from an American collection, together with 10 sculptures from Dutch collections. Ends Oct 6. Closed Mon

STOCKHOLM

Moderna Museet Peter Weiss (1916-82): retrospective of the painter, author, poet, film-maker and man of the theatre. Ends Oct 13. Closed Mon

STUTTGART

Galerie der Stadt Otto Dix: a major retrospective marking the centenary of one of the towering figures of 20th century German art, renowned for the bitter realism of his portraits, brothel scenes and visions of war. The exhibition brings together more than 350 paintings from galleries and private collections around the world. Ends Nov 3. Closed Mon

VENICE

Fondazione Cini From Gaudi to Picasso: 160 exhibits, including sculpture, paintings and drawings, by leading Catalan artists and architects of the late 19th and early 20th centuries. Ends Nov 24. Closed Mon

ZURICH

Kunsthaus Hans Finsler: Pioneer of the Neue Sachlichkeit. An exhibition of work by one of the most influential central European photographers of the 1920s and 1930s. Ends Oct 20. Closed Mon

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Independent, but together

THE WEST is in some danger of repeating with the Soviet Union the mistake it made in Yugoslavia: namely, throwing its weight behind a political structure which is doomed because it no longer enjoys the confidence of the peoples it was supposed to serve. Such a course of action would be not only futile but damaging. It would waste precious time, when the problems faced by the Soviet peoples are acute and urgent. It would arouse anti-western feelings by making it seem to those peoples that the west was trying to prolong their subjection for reasons of selfish convenience. Above all, it would ensure that western arguments for the maintenance of specific economic ties between the ex-Soviet republics – arguments which are sound, and crucially important – would not get the hearing they deserve.

Statements to the effect that it is a western interest to prevent the disintegration of the Soviet Union, which trip almost automatically off the tongue of many western politicians and diplomats, need to be rethought and rephrased. Clearly it is a western interest that the dissolution of the Soviet Union should not bring about an addition to the number of nuclear powers, in breach of the Non-Proliferation Treaty. But that danger is already in the process of being averted by the concentration of Soviet nuclear weapons on Russian territory.

Orderly separation

There must also be a general interest, which the west shares, in preventing the former Soviet Union from subsiding into generalised anarchy or large-scale civil war. But that is not synonymous with preventing its dissolution. Indeed, a peaceful and orderly separation into sovereign republics would be far preferable to any attempt to hold the Union together by force.

But, while the ex-Soviet peoples must be free to dissolve the Soviet polity, the incipient dissolution of the Soviet economy spells certain disaster. Of all the former Soviet republics, Russia alone could contemplate autarky with even a degree of equanimity. If other republics are not careful they will find their factories closed and bills for their imports of oil and gas in hard currency and at world prices. They will then experience an economic collapse dwarfing anything so far.

Fortunately, they have a solution. A high degree of economic integration is compatible with independent currencies, fiscal policies and armies. As the European Community demonstrates, this can be secured by the operation of the market within each state and free trade and currency convertibility among them.

It would even be possible for the republics to have independent trade policies towards the rest of the world (like members of the European Free Trade Association). It would also be possible for new republican currencies to float *vis-à-vis* one another. But it would not be possible for them to be inconvertible into one another; nor could any currency be convertible into those of the rest of the world while the others are not.

Close co-operation

The introduction of new economic relationships is, however, the answer only to the Soviet Union's problems in the longer run. First, it has to manage the transition. The assets and liabilities (including foreign liabilities) of the Soviet state will have to be divided. The budgetary and monetary disarray of the Soviet state will have to be sorted out. Basic goods will have to be procured and distributed over the coming year or two. The only way to meet such challenges is through the closest possible co-operation.

Even in optimal conditions, the ex-Soviet peoples will need expertise and resources which only the west and Japan are in a position to provide. The west must offer both, but only on the understanding that minimum conditions for economic self-preservation will be met. This means that the west must accept devolution of power to the republics – just as it should encourage the transfer of economic decisions to the market – but must also make it clear that it will not subsidise ill-considered moves towards republican autarky.

The precedent of the Marshall Plan has been much invoked. It is indeed relevant, because the main significance of the Marshall Plan was the stimulus it gave to European economic co-operation and the dismantling of intra-European barriers. "It is evident," said General Marshall when he launched the plan in 1947, "that before the US government can proceed much further to alleviate the situation and help start the European world on the way to recovery,there must be some agreement among the countries of Europe as to the requirements of the situation". The west should say the same today about the ex-Soviet republics.

Eastern Europe is knocking on the EC's door. **David Buchan** and **David Gardner** look towards a Community of 24 – or more

A new wave of eastern approaches

A European Community starting at the Atlantic and stopping not too far short of the Urals no longer seems a ridiculous hypothesis.

Indeed, Mr Frans Andriessen, the external affairs commissioner, warned the EC this week it should begin thinking about how to adapt its institutions to cope with 24 member states. "If we take into account what's happening in the Soviet Union, this [number] might even increase," he predicted.

It would of course be far-fetched to suggest that the heart of the old Soviet Union – Boris Yeltsin's far-flung Russian republic, which stretches to the Pacific – might apply for EC membership, and even more absurd to suggest that such an approach would be accepted in Brussels. But other bits of the old Union – not only the Baltic states – might one day knock on the Community door for admission.

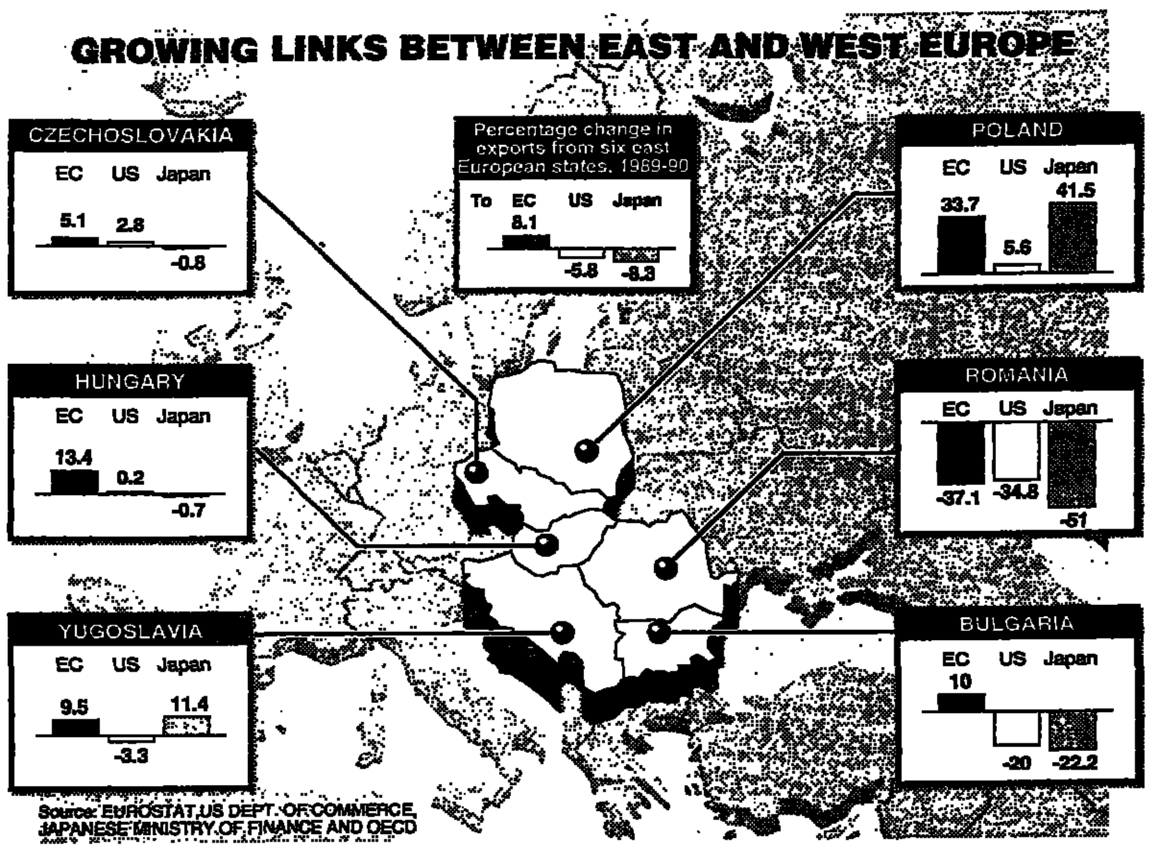
What is certain is that the EC is now broadening and deepening its approach to the east more than ever before. In the process it is piling up political and moral commitments, from the Balkans to the Baltic, and exciting aspirations in ways that will powerfully influence its future membership, its trade and agricultural policies and the outcome of its present constitutional wrangling on political and monetary union. These are some of the longer-term consequences of the Community's new approach to the east, on which the Twelve hold a foreign ministers meeting today and a possible summit in mid-October.

The big question on everyone's mind is help for the Soviet Union. The Community will play a central role. This is not because of the size of the aid it has pledged collectively, which is dwarfed by that of several of its member states, notably Germany. It is more because it has given the largest pledges of technical aid (Ecus 400m – £279m) – to the energy, financial, food distribution and transport sectors – and this will probably be the most valuable form of assistance to the Soviet Union. Only the Community, too – as its sole big and wealthy export market – can offer the commercial concessions through which the Soviet Union can trade its way to modernisation and economic health.

None of this Community effort confers any EC obligation to take in break-away republics. But if the Ukraine, adjoining four east European countries with clear aspirations to join the EC club, were to apply, it would be hard for Brussels to laugh the application off as blithely as it did that of Morocco a couple of years ago. Take the Soviet republic of Moldova (formerly Moldavia), too. It wants to join Romania, which in turn wants to join the EC. One of the purposes of Mr Andriessen's visit to the Soviet Union next week is to see whether republican leaders want some sort of direct relationship with the EC. A small beginning to such links may come with the planned visit by Soviet republics' economics ministers to Brussels next week.

For the moment, however, the most direct consequence of the failed Moscow coup has been the catalytic effect it has had on the west's relationship with eastern Europe. Nato, as well as the EC, has been jolted out of complacency. For months, east European leaders visiting Nato headquarters in Brussels had received tea, sympathy but absolutely no formal commitment to their security. After the coup, however, Nato issued a statement declaring eastern Europe's security "inseparably linked" with that of the Atlantic alliance.

Mr Jacques Delors, the European Commission president, attacked the Community's hypocrisy, as well as complacency, towards eastern Europe. "It's no good making fine speeches with a sob in your voice on Sunday, and then on Monday morning opposing the trade concessions enabling those countries (in eastern Europe) to sell their goods and improve their living standards."



Today the Commission will put ministers to the test by asking them to approve dramatic trade concessions on sensitive products that would enable it to bring to a conclusion association agreements with Poland, Czechoslovakia and Hungary. These would involve:

- Phasing out all curbs on textiles from these three central European countries within six years.
- Asking Germany and Spain to end their national restrictions on Polish coal imports within four years.
- Reducing by 60 per cent over three years the tariff levels on imports of central European meat, fruit and vegetables, with the quantity of imports to rise by 50 per cent over five years.

Such concessions, far bolder than anything EC ministers were ready to accept earlier this summer, would silence the justified criticism from the central Europeans that the EC was only offering free access to products that they could not sell in the west.

Agriculture is one of the few areas where eastern Europe has a clear comparative advantage. Scottish strawberry and raspberry growers – to take one example – may complain of unfair competition from Poland, but there is nothing underhand about the fact that Poland's costs in growing soft fruit are two thirds below the UK's. Where the EC is aiding eastern agriculture, further nonsense arises. "We are in the indefensible position of giving Hungarian pigfarmers money to make them more productive, but shutting out the pork they produce," says one EC farm official.

The main block to eastern farm exports is the EC's own vast food mountains, the result of structural overproduction running at 20 per cent over Community needs. For example, live calves coming into the Community from eastern Europe rose from 307,000 head in 1988 to 853,000 last year, with Poland, the main exporter, raising its earnings from $153m to $280m in desperately needed hard currency. But faced with a record beef mountain and collapsing prices, the EC in April cut the import quota for the east in half. At the time, Mr Ray MacSharry, the EC farm commissioner, argued that the removal of price subsidies in the reforming east had led to high food prices and a huge drop in local consumption, and that the EC could not cope with other peoples' surpluses as well as its own.

Yet Mr MacSharry is hinting now that the eastern onslaught on the common agricultural policy – constituting much more acceptable pressure than that from Washington in the Uruguay round of multilateral trade negotiations – is just the kick-start he needs to get his wider CAP reforms underway. If the latest concessions get through the Council of Ministers, the Commission then intends to turn the tables on other members of the Group of 24 western aid donors which have done less to help east Europe's trade balance than the EC (see chart), and demand they match the EC effort.

But central Europe's galloping expectations of what the Community can do for it are far from just economic. In a letter last month to the Dutch presidency of the EC, Presidents Vaclav Havel of Czechoslovakia, Lech Walesa of Poland and Prime Minister Joszef Antall of Hungary have asked if their countries can be included in some way in the process of European Political Co-operation by which the Twelve co-ordinate their foreign policies. Seeing in this a response to his idea of affiliate EC status for countries not yet ready to assume the economic responsibilities of full Community membership, Mr Andriessen backs the central Europeans' request.

But if the idea of affiliate status was designed to put off the day of full membership for the central European states, the strategy clearly is not working – any more than Austria or Sweden were dissuaded from applying for EC entry by the current negotiations to include them in a so-called European Economic Area.

Fresh evidence of the central Europeans' eagerness to press ahead came this week when Poland proposed to re-draft the preamble of its planned association agreement. Before, Brussels had reluctantly agreed that the preambles in these agreements should record Poland's – and Czechoslovakia's and Hungary's – aspiration to EC membership. Now, Warsaw wants this to state that both sides – Poland and the EC – believe the agreement will pave the way to Polish entry.

If Poland gets its way, then it will set a precedent not only for Czechoslovakia and Hungary, but also for Romania and Bulgaria. For this week, the Commission pronounced these two Balkan countries far enough down the road to pluralist democracy and a market economy to deserve similar associate status. Others may travel the same path. The Commission says Albania now merits a basic trade agreement, and Mr Andriessen has the same idea in mind for the three Baltic states whose representatives he will meet in Tallinn, the Estonian capital, on Sunday. Having been the first big power to recognise the Baltic states' independence, the EC seems to have accepted a moral responsibility to see that the Balts can make it economically on their own.

The same logic would apply to Slovenia and Croatia, if peace efforts were to fail and the EC were to recognise their secession from Yugoslavia. In those circumstances, membership applications from break-away Yugoslav republics would be impossible for Brussels to duck. Yugoslavia is the east European country with which it has the longest relationship (since 1970), and the society and economy of Slovenia is near the level of northern Italy and Austria which it borders.

Lying behind the rush by Brussels to cast its net so far and wide across eastern Europe is the growing fear of instability, the knowledge from the 1930s of what an awful mixture nationalism and economic depression can produce. Nationalism is not only rife in the Soviet Union and Yugoslavia, but also stirring in the Slovak republic of Czechoslovakia and never far from the surface in Hungary.

The EC's answer to these difficulties is to suggest that the east Europeans and Soviets keep some semblance of integration, both for their own good and for the Community's, so that they do not throw themselves on Community charity.

The problem is that east Europeans are not in very federative mood. When Mr Delors preached, on his two recent visits to Moscow, the virtues of Soviet economic and monetary, if not political, union, his words were ignored by everyone except President Gorbachev. Chancellor Helmut Kohl's strongly-stated call on Wednesday for Soviet unity may go equally unheeded. Last year Brussels suggested temporary creation of a hard-currency union to stop trade flows plummeting within the former Comecon area, and was told by the east Europeans that this was an unacceptable attempt to keep them within their old geo-political straitjacket.

So, the Community seems fated to get membership applications from the east, which after 45 years of statements about the importance of overthrowing communism it will find hard to refuse. This is what makes plausible Mr Andriessen's prediction of a Community of 24 by 2000.

The idea of such a populous Community is bound to raise a new debate about the EC's future institutional structure. Mr Andriessen is not alone in believing a much larger Community would be ungovernable without a far greater degree of supra-nationalism than is being discussed among the Twelve's political union negotiators. This may be theoretically correct, if a Community of 24 were to maintain the same level of collective ambition as the Twelve. But in practice a larger membership might do fewer things in common; even within the Twelve, the growing likelihood of a two-speed move to economic and monetary union is a pointer to less uniform arrangements in the future.

With hindsight, the Twelve should have told their political and monetary union negotiators to tackle the issue of enlargement. But to do this now would bring the intergovernmental conferences (IGCs), more than halfway through their allotted timespan, to a halt. The best thing now is to finish the business in hand, sign a new EC treaty no later than December, and prepare for the next constitutional revision in a couple of years' time.

Up the junction

IF ONLY it were possible to criticise the UK government's transport policy: but this would be stretching the word *policy* too far. A collection of ill-considered and short-sighted initiatives has emerged from the Department of Transport over the last decade. The government has circled Britain's transport problem, as if it were taking a day-trip on the M25. It goes round and round, but gets nowhere.

The London Underground is one of the main victims of this non-policy. A recent Monopolies and Mergers Commission report blamed its deficiencies on "chronic under-investment" by successive governments. It called for investment spending of £700m to £750m a year just to halt the deterioration, almost double its current level. Ideally, it said, this would be government-funded. Second-best would be a rise in fares.

The government response, announced yesterday, is to do nothing, precisely the approach that caused the mess in the first place. Moreover, it refuses to let the London Underground do anything either. There will be no increase in planned public investment – the Treasury's horror at subsidising revenue-generating public services has seen to that. Neither will fares be allowed to rise.

Short-term expediency

Short-term political expediency is preventing a rise in fares. The government, it seems, has a low opinion of the electorate. Most Tube travellers are voters: and yesterday's decision ensures they will still face broken escalators, congestion and the familiar stench.

This decision looks absurd in the light of the previous day's announcement that another lane will be built on the M25 at a cost of £2.6bn. Sadly, the Treasury is willing to invest in new roads but not to maintain the current rails. Yet there is little chance that widening the M25, or any other road, will ease the daily jams. Another lane means more space for cars to crawl. But congestion is a wasteful way to regulate road use. Much better to make users bear the cost of their trips, including the pollution they impose on others – while keeping traffic flowing.

Policy mistakes

These are just two in a long line of policy mistakes; the failure to invest in British Rail and the myopic refusal to provide adequate links between the Channel tunnel and the rest of the country are two more. The decision to deregulate and privatise London buses will, in isolation, add to the problems of congestion on London's streets. Privatising buses, building more roads, and raising taxes on company cars does not add up to a transport policy.

The government's failure is partly one of vision, partly of ideology. It is not possible to consider congestion on roads, buses and trains as separate problems, as provision in one area clearly affects all others.

The speed and ease of public transport directly affects the number, and average speed, of cars and lorries. Bus travel can be cheap and efficient, but not if roads are choked by cars. Yet this interdependence, plus the monopolistic nature of railways, makes planning and public investment crucial ingredients of a coherent transport policy.

Yet there are encouraging signs: inner-city trams are being built in Manchester and planned for Sheffield, while Cambridge plans a road pricing experiment. Better still, Mr Roger Freeman, the minister for public transport, has taken up travelling by public transport this week, after five years without stepping on a bus. His next step might even be to think about a logical public transport strategy.

OBSERVER

Perrier heir surfaces

■ A pinch of sugar is being added to the Perrier in the shape of an heir to the throne of Jacques Vincent, 68-year-old head of the company. Although it's little more than a year since he succeeded Gustave Leven as chairman, he has never pretended his stay would be more than temporary.

When he took over, Source Perrier was suffering from the discovery of benzene traces in US stocks of its bubbly product. But now the water has cleared, Vincent has lost no time in importing a Dauphin from French sugar-makers Béghin-Say, a subsidiary of Feruzzi.

He is its number two executive Thierry Chéreau, at 44 a stripling by comparison with Perrier's former bosses. From next month he will sit alongside Vincent for two to three years before assuming his heritage.

The move incidentally solves another recent French corporate mystery: the future of the brilliant Jean-Martin Folz, also 44, who left Pechiney in May. He didn't reveal where he was off to at the time, but now he is to succeed Chéreau at Béghin-Say.

All of which makes Vincent stand out as a rarity – one of the few grand old men of French business life arranging a smooth-flowing transfer of his power. Others, such as the BSN food group's doughty 72-year-old chairman Antoine Riboud, seem distinctly backward in bringing their successors to the fore.

Upmarket terrier

■ Privates and non-commissioned ranks need read no further. But if you are over 45 and an out-of-work officer, help is at hand. The Honourable Artillery Company, oldest surviving unit of the British Army, is looking for a new chief executive.

The £40,000 salary will not tempt the average merchant banker, and the job does not sound all that much different from that of the standard golf club secretary. But there are plenty of perks such as having one's chaps fire the ceremonial salutes at the Tower of London, not to mention access to the world's most expensive cricket pitch/car park in the heart of the City.

True, the members aren't as distinguished as they were in the days of Wren, Milton and Samuel Pepys. But they're said to be a clubbable bunch, albeit a bit prickly on occasion.

Lost leader

■ National Westminster Bank is now vying with Midland and Standard Chartered for the title of the most accident-prone bank in Britain. Just as its troubled investment banking operation seemed on the mend, Tim Ferguson, the respected boss of County NatWest Securities, marches out of the door.

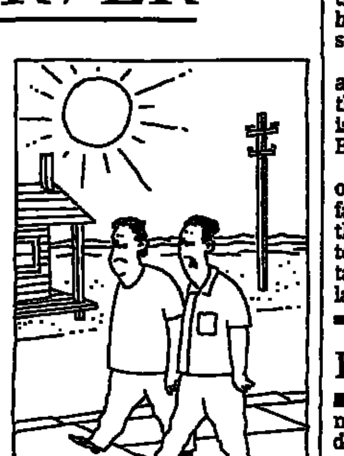
A quiet, determined Australian, Ferguson was County's rising star – a home-bred high-flier who returned to London after running the investment house's Tokyo operations.

Having helped reduce County's stratospheric cost base, he has been largely responsible for the substantial boost in its standing in the London investment community over the last year. Now 34, he has for some mysterious reason outstayed his welcome, and joined the County NatWest departure list for "personal reasons".

His replacement, 39-year-old American Arthur Kirsch, used to head equities in the days when there still was a Drexel Burnham. What makes him think he'll last any longer than Ferguson?

"The continuity of senior management depends on the business plan working," says Kirsch, slipping back into the analyst-speak he learned while a top-rated Drexel beverage and tobacco analyst.

Nevertheless, at a time when County is badly in need of stability, importing a cultural alien to take charge of its securities branch could detonate further executive explosions.



"It's pretty decent of the whites to share their power over us."

Antilles heel

■ Showing studied calm in the face of civil war in Yugoslavia, Soviet upheavals etc, the Dutch presidency of the European Community is whisking all the member states' ambassadors with spouses off on Saturday for a week in the sun of the Dutch Antilles.

Such junkets are an EC tradition. Every country holding the presidency provides a pleasure jaunt for EC permanent representatives during its six-month chairmanship of the Council of Ministers.

But not even the junketers are uniformly convinced that this is the right moment to cart what amounts to the community's diplomatic rapid-reaction force away to the Caribbean, albeit they'll technically still be in EC territory.

Might not events catch the ambassadors on the hop while they're pottering around the islands of Curacao, Aruba and Bonaire?

Nonsense, snorts a Dutch official. "They have phones, faxes, and it wouldn't take them much longer to get back to Brussels than if we had taken them boating in Friesland".

First showing

■ Youthful shiny-haired Vernon Sankey, chief executive designate at Reckitt & Colman, was on public display for the first time at the half-yearly results meeting in London. The 42-year-old, celebrating his 20th anniversary with the mustard-to-air-freshners group, took the task very seriously indeed.

After going on at great length about the "four concurrent phases" in the integration of Boyle-Midway – a US company bought for £713m last summer – he earnestly discussed the finer points of recipes using French's Creamy Spread, offering free tastings of this "zero-cholesterol" concoction.

It would make a welcome change if, this time next year, Sankey as chief executive could give as much detail on the group's balance sheet as he dispensed yesterday about creamy spread, "manufacturing reconfiguration", and the relaunch of Woolite rug cleaners.

Meanwhile, try and cut out the jargon, Vernon.

Off the map

■ Observer hears that Leamington Spa has fallen so low as a tourist attraction that British Rail decided the best time to close its line there for repairs was the August bank holiday weekend.

We have to face the fact that it will take us, under the best conditions, between 20 and 30 years (at a moderate computation) to remodel our secondary and higher education, and to put ourselves on a level with the Germans. During that period Germany herself is not likely to be idle.

– Board of Education, 1902

Andrew Adonis and Kai-Uwe Kühn compare the merits of the German and British education systems

Different roads to competence

Ever since Wilhelm von Humboldt created Prussia's state education system in the wake of Napoleon's military conquests, the British have cast jealous eyes on German schools. They do so now more than ever. Her Majesty's Inspectorate recently issued a report on why German traditions of state regulation and skill training have produced a system of vocational education superior to Britain's.

The envy is not all one-sided: Germany has its own discontents, particularly in higher education. On both sides, however, deeply-rooted attitudes and institutions make convergence a fraught endeavour. An overview of Anglo-German practice in five areas – vocational training, 16-19 education, universities, the teaching profession and education policy-making – will show why.

● **Vocational training.** Each year about 550,000 German school-leavers sign apprenticeship contracts with companies. Every German profession has its own training programme, lasting for two to three years, and all companies employing apprentices must conform to it and hire qualified instructors.

Under the so-called "dual system", trainees generally work three days a week and spend the other two in vocational school, where almost half their time is devoted not to their trade but to classes in maths, German and general studies. Trainees earn only about DM200 (£70) a week, which makes the system palatable to the 500,000 mostly medium-sized and large companies, about a fifth of the total, which offer training places.

Local chambers of commerce accredit instructors and organise the standardised exams which trainees have to pass to qualify. Britain's fledgling Training and Enterprise Councils, and its morass of vocational qualifications which few study, are pale imitations.

The dual system is costly: employers spend about DM50bn a year on training, and though most recognise its necessity, there is some grumbling about cost and inflexibility. The system is tightly regulated by statute, but government largely confines itself to giving legal force to training programmes negotiated between employers and unions industry by industry. Efforts are made to keep training up-to-date while avoiding over-specialisation.

The dual system is not easily exportable. "To introduce a system like this by law is completely unrealistic," says Mr Karl-Georg Krachten of the German Employers Association. He points to the long German tradition of skill training, which has led to different organisational structures in German and British companies. "We need much less division of labour because our workers have a broader range of qualifications to start with."

It is, nonetheless, glib simply to dismiss differences between the two countries with the word "culture". Technical education flowered in 19th-century Germany at the behest of determined state direction. "Bismarck made the employers pay, and they resisted at their peril: it wasn't all a response to cultural urgings on their part," says Sir Ralf Dahrendorf, the Anglo-German sociologist.

● **16-19 education.** Germany's traditional tripartite school system – *Gymnasium* for the academically-oriented, *Realschule* and *Hauptschule* for the vocationally-directed – has survived largely intact despite efforts by social democrats to promote the comprehensive ideal. Almost 90 per cent of British state secondary pupils attend comprehensives: only 5.7 per cent of German pupils do so. By contrast – but not by co-incidence – private schools, which educate almost a fifth of all British sixth-formers and a quarter of university entrants, are peripheral in Germany.

The *Abitur*, gained by most *Gymnasium* pupils at the age of 19, is the standard qualification for entry into German higher education. In their last two years, pupils generally concentrate on two core subjects, but also study six others, which must include two from German, maths and a foreign language, plus history, at least one science, art or music, and physical education. Early specialisation is avoided, and continuous assessment, including oral contributions in class, count towards the final grade – both in a stark contrast to A-levels, the so-called "gold standard" of the British system, to which Conservative ministers remain attached.

Gymnasien command greater social prestige than *Realschulen* (the equivalent of R A Butler's technical schools-that-never-were), with *Hauptschulen* bottom of the heap. But the latter have nothing like the "sink school" reputation of the old British secondary moderns, and anyway the last two decades have seen numbers attending them almost halve.

● **Universities.** These are the weak link in German education. They are mostly overcrowded, inefficient and dispiriting for students. University courses last an average of seven years (compared to 3.3 in Britain); with military service thrown in, a typical male student is 28 or 29 at graduation (21 in Britain). And German doctorates? A passage to the grave, goes the joke.

True, German first degrees are at British masters level: but the difference is not worth four years. On the other hand, Britain's universities could ill afford their luxurious student/staff ratio of 11.3, were they invaded by the half million extra students needed to match German levels of participation – particularly if a similar proportion followed capital-intensive science and engineering courses.

● **Teaching profession.** Like all German professions, teaching is a rigid and hierarchical affair. In Britain, virtually any graduate can move into teaching by taking a one-year certificate, and not even that is necessary for private schools. In Germany, would-be teachers must study their subject plus "pedagogy" at college or university, and the whole process takes a minimum of five years.

The status of teachers is far higher in Germany. A secondary teacher with six years' experience earns about DM63,000 (£21,000), along with all the perks that go with their status as a civil servant. In Britain, by contrast, a high-flying teacher can expect about £16,000 after six years – barely two-thirds of his or her Whitehall fast-stream counterpart. Teachers have just been given an independent salary review body, but it will take more than a pay rise to restore teacher morale.

● **Education policy-making.** Under Germany's federal constitution, education is a state (*Land*) responsibility. While Mr Kenneth Clarke reigns ever more absolutely over Britain's schools, Mr Rainer Ortleb, the Bonn education minister, can encourage, warn, and must be consulted, but decision-making – and, crucially, funding – lie with state parliaments; each has its own education minister.

Education is one of the bloodiest battlegrounds of state elections. Yet behind the sound and fury, stability and a high degree of consensus apply in practice. Per capita education spending is more closely aligned between west-German states than between English local education authorities. A conference of state education ministers regulates key issues, like mutual recognition of each state's *Abitur*. With its standing secretariat, the conference is also an important forum for policy debate, and a far less secretive one than the Department of Education in London.

Some west German states (such as Hessen) have experimented more than others, but in none could a Kenneth Baker impose controversial tests on all seven, 11 and 14-year-olds, or a Shirley Williams decree away all grammar schools. For all the German social democrats' love of comprehensives, electoral and coalition exigencies, inter-state treaty obligations and resolute opposition from parents and the conservative parties have kept them at bay everywhere except Hamburg and Berlin.

Reproducing the west's education system in the east is Germany's main preoccupation for the 1990s. Meanwhile, simply to envy German education may profit the British little; but an understanding of its strengths and weaknesses could help them set their own schools in order.

Joe Rogaly

May is the best bet

Mr John Major has eight weeks in which to make the most important judgment of his remarkable political career. If he gets it right he may be able to stay in No 10 Downing Street until the end of the century. If he gets it wrong the most remarkable thing about his political career will have been its brevity. The decision he must make is now well-known. Does he stand up at the Conservative party conference in Brighton on October 11 and announce there will be a general election on November 7 – or does he duck and weave and hold on for May 1992? In spite of this week's stock market fizz, which is partly based on fancies that there will be a snap election and a fourth Conservative victory before the year is out, the balance of argument is still in favour of May 7, which would coincide with next year's local elections.

November 7 has its attractions. It would herald the first anniversary of the day on which the then little-known Mr Major astonished the country and many parts of the world by succeeding Mrs Margaret Thatcher. It would precede the Maastricht meeting of European Community heads of government, and thus postpone any Tory or Thatcherian revolt against a compromise deal on European union. The new prime minister would at last be free of the ghost of his predecessor; he could exercise the unique powers of a British prime minister and base his claim to the right to do so on a democratic mandate. At present he is a Gorbachev, put in power by his party; following an election victory he would be a Yeltsin, put in power by the voters.

These Russian analogies serve to remind us of one reason why the British prime minister seems to be doing so well. He is good at getting himself advertised on television. At the start of the summer it seemed the Labour party had the monopoly of news management skills, as it presented one domestic policy initiative after another, then went back to the beginning, recycled, and started all over again. Mr Major blessed four close colleagues with the task of breaking this opposition monopoly. They did well. But *it was the former Soviet* Union that squashed the image of the formerly socialist Labour leader flat.

The bungled coup of August 19 has thrust world statesman Major on to the screen and kept him there. A makeshift podium outside the door of No 10 has become his personal soapbox, unless he is on tour. Then the backdrop is Washington, Kennebunkport, Moscow, Beijing, Hong Kong. These televisual visits are not stunts: Mr Major has been travelling as current chairman of the G7 group of industrial nations or, in the case of China, as head of the departing colonial administration of

At present Mr Major is a Gorbachev, put in power by his party

Hong Kong. But no opportunity to be photographed shirt-sleeved and smiling, doing and saying the right things, has been missed. The prime minister showed how good he was at this kind of thing during the Gulf war. Now he has even managed to turn the grubby business of shaking hands with the murderers of Tiananmen Square into the appearance of a positive act of foreign policy, partly by getting his deal on the Hong Kong airport, and partly by making sure that his pronouncements on human rights were heard.

There could be an additional explanation for the latest change of British political mood. The crumbling of the Soviet coup demonstrated that the most important state power, more powerful than tanks, is what is going on inside people's heads. Now the nightly television onslaught on the ashes of everything socialist in what was the Soviet empire may be having its subconscious effect on British public support for a Labour party that, for all its reforms, still labels itself socialist.

Add up the above items, throw in the latest couple of polls (which indicate a rise in support for the Conservatives), tack on Wednesday's cut in base rates and cheaper mortgages, conjure up a *self-fulfilling prophecy of a* resurgent economy based on a growing public confidence and willingness to spend, and the case for November 7 seems compelling.

The cautious Mr Major will know better. It is the polls that count, and a solid lead that counts most. My office has been compiling a weighted average of the results of all published opinion polls, month by month – call it the FT poll of polls. The weighting is by sample size, the dates are sampling dates. The print-out shows that a Labour lead of 12.3 percentage points in August 1990 was reduced to a lead of 3.8 in August 1991. This is good for the Tories, but not good enough. The sharpest change – a rightwards swing of nearly 9 points – came last December, following the deposition of Mrs Thatcher. The Gulf war kept the Conservatives marginally ahead until April, but they have been behind all summer. The gainers have been the Liberal Democrats, who stand to gain further from publicity for their conference next week.

All these are good reasons to hesitate. The conventional wisdom is that a three-month run of good leads for his party is required before a prime minister can safely call an election. Questioning for last Sunday's Mori poll in The Sunday Times ended on August 27, so, private polls apart, the most Mr Major could have to work on on October 11 would be about six weeks' of sampling. All of it would have to show greater leads than Mori's two points for a decision to go to the polls on November 7 to be statistically sound.

In short, the case for an election this year rests on the proposition that the economy and therefore the Conservatives will be worse placed next year. If the polls suddenly soar Tory-wards and give, say, an average lead of five or six points from now on that proposition may be hard to gainsay. But in any other conceivable circumstance a 1992 call could be the making of Mr Major, 1991 his downfall.

LETTERS

Europe's goal should be to restore full employment

From Mr Frank Blackaby.

Sir, What is the standard reply to those of us who argue that unemployment at 3m (on the OECD definition) is an appalling and unnecessary blight on our society? The reply is that we can do nothing about it, now that we are in the exchange rate mechanism.

They are saying the same thing all over Europe – in France, Spain, Italy, Greece, minister after minister is on record with the same pronouncement: "We are terribly sympathetic to the unemployed (the standard Michael Howard line), but the ERM means that nothing can be done."

Each minister is afraid that reflationary action will lead to a capital outflow, and his country's exchange rate will then drop out of the bottom of the mechanism. The ERM seems quite likely to lock most of Europe, east and west, into a permanent state of high unemployment; the east as well, because the low demand for labour in western Europe means that there will be very little trickle-over into the old Warsaw Pact countries.

It is certainly more difficult now (though not impossible) for any single European country to return to full employment on its own. Collective action is needed. The European Community should formally adopt full employment as a major objective of policy. The European Parliament – and particularly the European Socialists – should take up this issue much more vigorously. So should the European trade union movement.

Full employment was, for more than 20 years, one of the great triumphs of post-war European capitalism. The states of Europe, if they act together, can re-establish this basic human right: the right to work.

Frank Blackaby,
9 Fentiman Road,
London SW8

Fax service

Minimum wage would profit women

From Jo Richardson

Sir, Your report ("High price of a minimum wage", September 4) refers to the latest study by the Institute for Fiscal Studies. It ignores, however, one of the study's major conclusions: that a large number of women would gain from its introduction and that it may well be an effective tool in promoting equal pay.

The IFS study gives support to Labour party estimates that nearly 80 per cent of gainers will be women. And nearly half of all gainers will be women part-time workers.

Nor do these estimates take account of the 3m workers – mainly women and mainly part-time workers – who are earning below the PAYE threshold. They are, in fact, currently ignored by official government statisticians.

Women's wages still lag far behind men's with the gross earnings of full-time women still only representing 68 per cent of men's. The relative position of the growing number of female part-timers is actually deteriorating.

If our economy is to function effectively, we can no longer afford to undervalue and under-reward women's work. All too often, low pay is linked to women's work and is a product of discrimination rather than low skills.

A national minimum wage is an essential part of the strategy for creating the conditions for fair pay for women and dealing with the glaring inequalities in existing pay structures.

So, too, is strengthened and revitalised sex discrimination and equal pay legislation and improvements in childcare and community care.

They are the policies that women want and that the economy needs if it is to compete successfully on the basis of quality skills, low staff turnover and high productivity. Discrimination continues to waste the skills and potential of women. It is the cost of allowing it to continue that should concern all those who wish to see a successful and vibrant economy.

Jo Richardson,
Shadow minister for women

Less tax for high earners may have dynamic effect

From Mr Robert K Young.

Sir, As one of the "few standard rate FT readers" referred to in Mr Owen's letter (August 10) in response to Dominic Lawson's attack on tax, I can only despair.

It is the custom and ritual both in our courts and tax system that misleads us into believing that we are actually seeing justice being done.

The effect on revenue of higher rate taxes is not small – it is negative. Mr Dominic Lawson's worth is irrelevant. A high earner automatically contributes more. More in standard rate tax on his earnings and savings. More on VAT on his expenditure and, assuming he can accumulate assets, more in inheritance tax on his death. In all justice he contributes in good measure to society.

Higher rate tax is ritualised envy and a pernicious attack on endeavour with no basis in justice.

It would be more equitable and raise more revenue if tax reduced after a certain level of income.

We could all aspire to become lower rate tax payers to the benefit of all. Company cars and the like would cease to be provided as "perks".

The financial services industry would concentrate on providing real benefits instead of devising "tax dodges". The incentive to work and produce more efficiently would give the country the injection it needs. More tax revenue would then be raised to help those in society who have no choice about whether to work or sit back: people like the old, sick, mentally handicapped and disabled.

Perhaps then success would cease to be considered as anti-social as public spitting. Unfortunately, no government would have the guts to "sell" such a package to the nation.

Robert K Young,
Wilcox Young & Co,
77 Bedford Place,
Southampton

Museum of Scotland will surely miss the prince

From Mr Fitzroy Ponniah.

Sir, The proposed Museum of Scotland and a procedural dispute that led to Prince Charles' resignation represents a management disaster the outcome of which is surely less than best for Scotland ("Why the prince walked out", August 19).

Prince Charles' acceptance of the post of patron of the Museum of Scotland placed him in a position to assist, for instance, in the development of a brief and in the selection of the panel to judge a competition for the purposes of contributing not only to what is considered a good museum but also to that of quality architecture. Prince Charles should have been seen as an asset by the management of the Museum of Scotland. His resignation is therefore a disaster, signalling management failure.

The appointment of Sir Philip Dowson as chairman of an assessing panel reveals a modernist bias.

The selection of a design that imitates the 1960 Le Corbusier chapel in France for the purpose of a museum in Scotland points to a stagnation of architectural thought.

The chapel in France is more a piece of sculpture than a place for religious service and the museum is likely to suffer in like manner.

The chairman appears unable to disentangle the passion for modernist indulgence from a true concern for a Museum for Scotland. As such, Prince Charles' resignation is surely understandable and a loss for architecture and Scotland – the management of the Museum for Scotland is surely to blame.

The outcome is surely less than the best and as such the use of taxpayers' funds is questionable. A reformed procedure and fresh competition is likely to be a good thing and could provide an outcome that can clear the air and bring with it the responsible use of taxpayers' funds.

Fitzroy Ponniah,
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FINANCIAL TIMES
Friday September 6 1991

Single-union proposal for new unit also includes controversial 'no disruption' clause

Toyota seeks no-strike deal for UK plant

By John Gapper in Glasgow

TOYOTA, the Japanese carmaker, has proposed what some UK trade union leaders regard as a no-strike deal for its new British plant. It also wants to delay pay talks with its chosen union after it signs an agreement until at least 1994.

Toyota's proposals, contained in a confidential 50-page draft document, have alarmed union leaders competing for one of the most highly prized single union deals since Nissan started production at its plant at Tyne and Wear in north-east England in 1986.

The company is seeking a standard 39-hour five-day week when production starts in Burnaston, Derbyshire, near Birmingham, in 1992. But it also wants the freedom to roster workers up to an extra two hours a day, and on alternate Saturday mornings if required.

The most controversial proposal is for a "no disruption" deal under which pay and working practices disputes would be resolved by binding arbitration at the Acas conciliation service if they could not be resolved by negotiation.

This has worried officials of unions, including the TGWU transport union and the MSF general technical union, because they have taken a firm stance against "no strike" agreements of the type pioneered by the EETPU electricians' union.

The Trades Union Congress, which is meeting in Glasgow, will today discuss a controversial motion put by MSF which criticises Japanese companies for "bringing alien working practices with them" to Britain and criticises established single union deals.

Another controversial Toyota proposal is for pay negotiations to be delayed until at least April 1994 after the initial settlement on pay levels is reached. This would delay a 37-hour week in Toyota until at least 1995.

Some union officials are also worried by a clause which would allow the company to lay off white-collar (mostly office) staff without pay on a month's notice. Only blue-collar (mostly manual) workers can be laid off without pay in the rest of the UK car industry.

Five unions – the TGWU, MSF, the EETPU, the AEU engineering union, and the GMB general union – are competing for a deal at Burnaston and the twin engine-making plant in Deeside, north Wales. A decision is expected by the end of the year.

Mr Bryan Jackson, Toyota's director of human resources, said he could not comment on proposals because he had agreed with union officials to keep them confidential. However, he said any proposals were only initial ideas.

"Some people think we want to hold a gun to the unions' heads, but that is not our approach at all," said Mr Jackson. He said the company wanted to find a representation arrangement that would provide genuine partnership.

Toyota has scheduled three meetings with each union and has given each a copy of the draft agreement, along with 21 questions on the union's attitudes to the deal. It will consider its responses after meetings end this month.

UK car industry news, Page 8

US indicts six officials of BCCI

By Alan Friedman in Washington and Richard Waters in London

THE US yesterday indicted six officials of the Bank of Credit and Commerce International (BCCI), along with a leader of the Medellin cocaine cartel in Colombia and Capcom Financial Services Ltd of London on charges of racketeering and laundering millions of dollars of drug money through BCCI.

Among those indicted was Mr Syed Ali Akbar, former BCCI treasurer and former head of Capcom, who was arrested by French customs earlier this week as he disembarked from a ferry in Calais. The US Justice Department said it had asked France to extradite Mr Akbar to the US to stand trial.

Mr Swaleh Naqvi, the BCCI president who was first charged in New York last July, was listed as another of the 12 defendants in yesterday's indictments. The Justice Department said it had not yet asked Abu Dhabi to extradite Mr Naqvi because of "technicalities".

The charges included the alleged use by Mr Akbar and BCCI of Capcom in the UK to hide and transfer $23m of funds controlled by Mr Manuel Noriega, the former Panamanian dictator, who went on trial on in Miami on drug charges yesterday.

Also indicted in the BCCI case was Mr Gerardo "Don Chepe" Moncada, a leader of the Medellin cocaine cartel, and four of his associates. They are accused of using the bank's international network between 1983 and 1989 to launder more than $14m of drug proceeds.

Mr Robert Mueller, assistant attorney general of the US, said the latest BCCI indictments had been delivered by a grand jury in Tampa in sealed form on August 23 and kept secret until yesterday in order to seek the arrests.

Mr Akbar, however, is the only defendant thus far arrested. Mr Mueller said Washington had been working with Scotland Yard and the Serious Fraud Office in London to seek the arrest of Mr Dildar Rizvi, the former BCCI treasurer who was also charged yesterday.

"We had reason to believe Mr Rizvi was in England, but our efforts to arrest him have been unsuccessful", Mr Mueller said.

Under arrest: Police escort former BCCI treasurer Syed Ali Akbar in Calais yesterday

In London last night, Mr Michael Barrett, a Capcom director, said: "We were named in the earlier indictment in Tampa, but that was never followed up on."

Mr Akbar was sentenced in the UK to 18 months imprisonment last October for drug money laundering. He was released earlier this year on bail – one of the terms of which was that he reside at a UK address.

Mr Akbar, in an interview with the Financial Times last month, claimed to have been made the scapegoat for failings at BCCI, and denied involvement in money laundering.

He claimed that the $23m mentioned in yesterday's indictment, and which had been paid into Capcom by Finley International, a company of which he was a director, had nothing to do with Mr Noriega. Instead, it was money intended for a property development by the Tawfik brothers who run the El Rayan Investment Group in Egypt, he said.

According to yesterday's indictment, Mr Naqvi and Mr Rizvi attended a meeting in London in early 1988 at which "they discussed transferring approximately $23m in deposits at BCCI London, owned by Mr Noriega and family, to BCCI Luxembourg to allay Noriega's fear of asset seizure by US officials". The money was later moved at their direction from Luxembourg to accounts at several other banks, and eventually found its way through Finley International to Capcom, it is claimed.

Yesterday's BCCI indictments, the second set in the US since the bank was shut down on July 5, were unveiled as a Congressional report claimed US federal officials had failed to pursue investigations of BCCI and had missed an opportunity to stop the bank's illegal activities despite having had information of BCCI improprieties as far back as 1983.

Mr Charles Schumer, a Democratic congressman from new York, released a detailed report on BCCI and said that in 1988 "law enforcement . . . had details of BCCI's shenanigans".

Japanese banker arrested over illegal loan scheme

By Stefan Wagstyl in Tokyo

JAPANESE public prosecutors yesterday arrested a former executive of Kyowa Saitama Bank, a leading commercial bank, over his alleged involvement in an illegal loans scheme.

Mr Kazuo Toyama was held on allegations of defrauding two financing companies of Y3.94bn ($29.2m) by using forged certificates of deposit.

He became the fifth bank employee to be arrested in the current spate of illegal loans scandals which have also embroiled Fuji Bank and the Industrial Bank of Japan, two other leading banks. The Tokyo District Public Prosecutor's Office suspects Mr Toyama used the fake documents to obtain loans illegally for a struggling car sales company.

Meanwhile, two weeks of hearings at the Japanese parliament into the scandals ended yesterday with testimonies from the presidents of IBJ, Fuji and Sumitomo Bank.

Mr Yoh Kurosawa of IBJ denied that his bank was responsible for a loan fraud discovered at Toyo Shinkin Bank, a small Osaka bank, which lent huge amounts of money to Ms Nui Onoue, a restaurant owner. Ms Onoue and an executive of Toyo Shinkin are under arrest for procuring loans illegally using false documents.

Finance companies from which Ms Onoue borrowed argue that one reason they lent to her was that she was a client of IBJ. But Mr Kurosawa told a committee of the Diet's upper house that finance companies which lent Ms Onoue money did so on their own judgment. Ms Onoue is on the brink of bankruptcy with debts of over Y400bn.

Opposition MPs yesterday demanded that bankers and executives of securities companies should be summoned again to the Diet because their answers had been unsatisfactory. But the ruling Liberal Democratic party is blocking any such move.

The hearings have produced moments of drama when MPs managed to catch a witness apparently contradicting himself or another witness, or when forced into a corner.

In a memorable episode, Mr Setsuya Tabuchi, the former chairman of Nomura Securities, the stockbroking company, was asked to explain how Nomura had first been put in touch with Mr Susumu Ishii, the gangland chief who died this week and with whom Nomura had extensive dealings. Mr Tabuchi said the middleman had been a *sokaiya – a* type of extortionist specialising in disrupting company meetings. He said he had been able to remember the man's name until the day before the hearing but had since forgotten it.

Some MPs asked tough questions. Others, reading from prepared scripts, seemed barely to understand the (admittedly complex) cases they were investigating. A few tried to exploit the fact that the hearings were televised live by making long speeches.

The end of the hearings leaves it to the Ministry of Finance and the public prosecutor's office to continue investigations. For MPs, the next task will be to examine reform proposals to be presented soon by the ministry.

Gorbachev wins backing for reform

Continued from Page 1

The State Council will hold its first meeting today, when the issue of independence for the Baltic states – Estonia, Latvia and Lithuania – will be discussed, according to Mr Boris Pankin, the Soviet foreign minister.

Mr Pankin said he could not predict the outcome, though the Baltic leaders are confident that the Council will rubber-stamp an independence which they consider already accomplished.

Mr Grigory Yavlinsky, the radical economist who is a member of the four-man committee which is now carrying on the functions of a union government, said in a speech in Moscow last night to the World Economic Forum, based in Davos, Switzerland, that the committee was preparing an economic agreement under which republics could create their own currencies and tax policies.

He said that many of the leaders of the republics would be prepared to co-operate in order to fund a common army and basic scientific research, but added: "They will take these things into consideration and be willing to pay. What we cannot have is a situation where they want all of these things without being prepared to pay for them".

The majority of the Russian deputies, who have emerged from the upheaval as the strongest supporters of the maintenance of a union, are confident that the transitional period will end with the signing of a Union treaty.

All the other republics, however, now preparing to write independent constitutions and create independent governments, are at present in no mood to sign up to a Union from which they have just escaped.

To accommodate this mood, the resolution on the new structures contains a clause, inserted in the Wednesday night's haggling, which makes explicit that participation in the economic agreement would not depend on signing a union treaty.

Möllemann pledges to cut corporate tax

By Christopher Parkes in Bonn

FUTURE CUTS in German corporate taxes and a squeeze on public spending were promised yesterday by Mr Jürgen Möllemann, German economics minister, in response to mounting anxiety among the country's industrialists.

"The burdens of taxation and spending have reached their limit", he told the Bundestag during a debate on the 1992 budget.

Reform of corporate taxes was one of the coalition government's priorities, he said. "Our target is relief from trade, wealth and property taxes as well as the adjustment of high tax rates." Such reductions would encourage foreign investors, help domestic companies and create new jobs, he said.

He was responding to attacks from the Federation of German Industry (BDI) made on the first day of the debate earlier this week. Mr Heinrich Weiss, BDI president, said Germany's economic strength was being drained because "politicians do not have the strength or the will to resist spending demands from all sides".

The BDI also aired concern about fading competitiveness and the drop in foreign investment.

Mr Helmut Schlesinger, Bundesbank president, joined the argument with a reminder of the need for spending economies and wage restraint. "Public spending growth must be reduced to 3 per cent a year again," he said in a newspaper interview.

This was the limit set on Tuesday by Mr Theo Waigel, finance minister, who opened the budget debate with a warning that he would not allow the ceiling to be exceeded.

Mr Wolfgang Roth, economics spokesman for the opposition SPD party, described as "social cynicism" plans to increase value added tax by 1 percentage point to 15 per cent, while at the same time reducing company taxation.

He also called for greater support for heavy industry in eastern Germany.

THE LEX COLUMN

Drawing the line at BTR

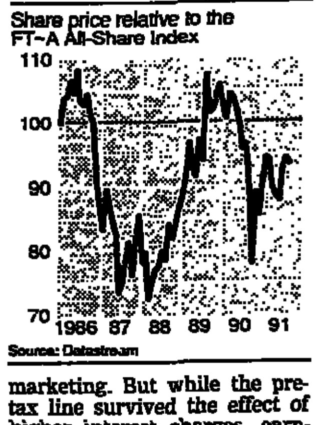
BTR must regret that its current bid for Rockware prevented it from discussing trading prospects yesterday. There was thus little to distract attention from its decision to take the profit from its Pretty Polly sale straight into the profit and loss account. This is arguably permissible under current accounting rules because BTR is a group whose business involves buying and selling other companies. But it is conventional to carry such items below the line. Without the boost interim pre-tax profits would have been £90m lower at £422m, a perfectably reasonable result for these recessionary days.

BTR's approach appears to reflect April's draft proposals from the Accounting Standards Board (ASB) which seek to remove the distinction between exceptional and extraordinary items. If so, this only shows *how much longer the debate* needs to run. From the investment point of view, such treatment makes for an unpredictable profits flow. It also leaves unanswered the problem that arises with goodwill. The ASB still prefers goodwill on acquisitions to be written off through reserves, rather than passed through the profit and loss account, but that could seriously inflate profits on disposals that are taken above the line.

The Pretty Polly sale is also striking for the low value of £20m at which it was carried on BTR's books. Assuming its similar conservatism in valuing other assets, gearing, at 44 per cent, looks overstated. That in turn makes interest cover of ten times less surprising, and confirms the scope for BTR to go on the big acquisition trail. With yesterday's figures and the steep price he is paying for Rockware, Mr Alan Jackson, chief executive, has scarcely endeared himself to investors already impatient on that score. That explains why the shares ended a net 1 per cent lower on the day.

FT-SE Index: 2,663.3 (−1.3)

BTR



Source: Datastream

Reckitt & Colman

The style may be lacking; the substance from Reckitt & Colman is as solid as ever. Hence perhaps the market's continuing love affair with its shares. The truth from yesterday's interim results is that reorganising Europe and digesting Boyle-Midway in the US have not proved as straightforward as management hoped. Admittedly, Reckitt set itself a formidable time-table and has stuck to it. Group margins improved despite higher spending on marketing. But while the pre-tax line survived the effect of higher interest charges, earnings were held back by further provisions and the coupon on the capital bond.

As for the immediate outlook, currency movements have been going the wrong way, so much so that net debt of £358m will probably be undented by the year-end despite the usual heavy cash generation. Next year borrowings should drop by at least £100m.

Shareholders would do better, though, to consider the nature of the feast. Reckitt has formidably strong businesses and is running them with an eye to the long term – the brands will always need to be fertilised with large chunks of cash. With the pharmaceuticals division gradually becoming indistinguishable from the core household products business, Reckitt should be rated with the likes of Unilever and Procter & Gamble. On that basis, its shares are more than fully valued.

Sun Alliance

Investors are not much wiser about the likely scale of UK mortgage guarantee losses after yesterday's figures from Sun Alliance. The latest black hole for the insurers was vividly exposed last month when BAT's Eagle Star subsidiary revealed first half underwriting losses of more than £120m. Given Eagle's 18 per cent market share, outsiders were quick to calculate that the industry deficit for this type of business could top an alarming £1bn for the year.

Sun, which has a 20-25 per cent market share, immediately countered expectations that it had been similarly hit and duly came in yesterday with a mere £50m underwriting loss for the same period. Part of the difference is probably due to the better quality of its lenders, part may be explained by the size of Sun's unearned premium reserve (premiums collected but not taken into the profit and loss account). The discrepancy still looks odd, though, when both companies' numbers appear to have provided for their share of building society repossessions, as well as firm claims. Besides speculating what Legal & General may serve up next week, the market will doubtless ponder Sun's interim dividend payout. A 5 per cent rise is hardly commensurate with the composite sector's premium rating.

Burmah Castrol

Burmah always admitted that acquiring Foseco would be mildly dilutive; but it can scarcely attach that label to yesterday's 18 per cent reduction in first half earnings. Trading profits from Foseco fell by more than a fifth, against a forecast for half that at the time of the bid. Add in the negative effects of an inefficient tax structure, and the acquisition will continue to look slightly less than clever until the economy rides to the rescue.

The attraction of Foseco last year was the knock-down price Burmah could pay for a strategic diversification. It can perhaps be forgiven for not predicting just how bad its markets would become – only Castrol managed a resilient performance. But the second half will have to be strong indeed if management is not to be left with some egg on its face. Burmah shares have lost nearly a fifth of their value relative to the market since the start of last year. So far, there are few signs to justify a reversal of the trend.

Blue Circle

Blue Circle is another company whose experience holds out little hope of recovery in the broader economy. UK cement deliveries have stopped falling but continue to run 16 per cent below their last year's level. Careful control of costs and efficiency gains will help earnings rebound when recovery does finally come. Meanwhile, the balance sheet is strong, with comfortable gearing of 32 per cent. With good demand in overseas markets, this lends the shares a curiously defensive quality, though the historic multiple of 12 means there may not be much excitement in the short run.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	27	81
Algiers	S	35	95
Amsterdam	C	20	68
Athens	F	27	81
Bahrain	S	32	90
[illegible]	[illegible]	[illegible]	[illegible]
Berlin	C	18	64
Biarritz	S	27	81
Bombay	F	28	82
Bordeaux	[illegible]	[illegible]	81
Boulogne	S	23	73
[illegible]	[illegible]	[illegible]	[illegible]
Caracas	C	29	84
Casablanca	S	24	75
Chicago		-	-
Cologne	F	23	73
Copenhagen	F	18	64
[illegible]	[illegible]	[illegible]	[illegible]
Faro	F	29	84
Florence	S	29	84
Frankfurt	S	25	77
Geneva	S	25	77
Gibraltar	C	23	73
[illegible]	[illegible]	[illegible]	[illegible]
Islamabad	F	32	90
Istanbul	F	24	75
Jakarta	C	32	90
Jersey	S	20	68
Johannesburg	S	24	75
[illegible]	[illegible]	[illegible]	[illegible]
Madeira	S	25	77
Madrid	S	27	81
Majorca	F	31	88
Malaga	F	28	82
Malta	C	28	82
[illegible]	[illegible]	[illegible]	[illegible]
Milan	S	28	82
Montreal		-	-
Moscow	C	15	59
Munich	S	26	79
Nairobi	F	27	81
[illegible]	[illegible]	[illegible]	[illegible]
Nicosia	S	28	82
Oporto	S	23	73
Oslo	F	17	63
Paris	S	25	77
Peking	S	27	81
[illegible]	[illegible]	[illegible]	[illegible]
Salzburg	S	[illegible]	79
San Francisco		-	-
Seoul	R	22	72
Singapore	F	31	88
Stockholm	R	13	55
Strasbourg	S	27	81
[illegible]	[illegible]	[illegible]	[illegible]
Tenerife	S	25	77
Tokyo	S	31	88
Toronto		-	-
Tunis	F	30	86
Valencia	F	29	84
Venice	S	25	77
[illegible]	[illegible]	[illegible]	[illegible]

Temperatures at midday yesterday C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sunny Sl-Sleet Sn-Snow T-Thunder

RECRUITMENT

JOBS: Tokyo continues as world's dearest city, followed by Brazzaville, Oslo and Helsinki

How living costs compare across the globe

THE Jobs column is beginning to feel a touch superstitious about the international living-costs table that appears beneath. When I printed it a year ago, Saddam Hussein had just invaded Kuwait, January's update coincided with the start of the Gulf war, and now the Soviet Union has been consigned to history. What might happen next time, I don't care to speculate.

One thing that stays stable, however, is the source of the figures. They come as before from the survey of world tax and cost levels by management consultants P-E International, which gives more copious data about many more countries than appear in the table. Anyone wanting the full report, price £300, should contact *Michael Smith of P-E at Park House, Wick* Rd, Egham, Surrey TW20 0HW; telephone 0784 434411, fax 0784 437828.

Since surveys take time, the figures *are not bang up to date. The living-cost* indices, based on London levels at 100 and referring to specific cities as distinct from whole countries, reflect the prices that prevailed last April. Unfortunately, since it is hard if not impossible to produce an internationally consistent measure of housing costs, that important item of expenditure is left out of account.

The currency exchange-rates also date *from April. But the inflation rates are the* latest available when the survey went to press, and I have excluded any place with more than 10 per cent inflation. Two cities whose 10.7 per cent just disqualified them are Stockholm with an index of 123.5 and Hong Kong's Victoria with 93.9.

On the other hand, as prices are fairly settled in the places listed, the indices can be adjusted for exchange movements since *April to give a reasonable idea of current* costs. The update is made by taking the exchange rate in the table, dividing it by the latest market rate, and multiplying the result by the April index figure.

Last year, to set some benchmarks for before the Kuwait invasion, I did an August 1 update for 12 cities (not all in today's table). Here is how they compare with the indices for August 1 this year:

Place	*1990*	*1991*	*Change*
Tokyo	133.9	148.7	+14.8
Oslo	130.7	121.2	− 9.5
Geneva	120.8	109.9	−10.9
Copenhagen	118.0	108.3	− 9.7
Rome	105.1	102.3	− 2.8
Madrid	105.3	101.1	− 4.2
Paris	105.0	100.9	− 4.1
Brussels	108.8	100.5	− 8.3
New York	89.8	99.9	+10.1
Frankfurt	104.2	97.6	− 6.6
Riyadh	78.6	91.1	+12.5
Amsterdam	94.9	89.0	− 5.9

Accordingly, those figures outline the positions on either side of the Gulf conflict, but before the Soviet coup attempt and its early aftermath. And as may be seen, of the 12 places cited, only three grew more expensive by London standards during the interval: Tokyo, New York and Riyadh, all up by over 10 points. The rest became cheaper, considerably so in the cases of Geneva and Scandinavian capitals Copenhagen and Oslo.

If readers would care to predict what the positions will be next summer, when eastern Europe *has had another year to* settle down, I'll note their forecasts and report any which prove right on the day. Unless, that is, the past run of three coincidences continues and comes up with an upheaval that puts paid to me.

NOW to some jobs being offered through two separate recruitment consultants, neither of whom may name the employer. Both therefore promise to abide by any applicant's request not to be identified to their clients at this stage.

The first two posts, being handled by headhunter John Williams, are unusual in being based *in Japan. The Tokyo office* of an international financial concern is in need of a brace of economists.

The more senior will work as a high-level analyst with particular responsibility for forecasting broad developments in the Japanese economy, including interest-rate fluctuations and such. The junior recruit will act as a market strategist, using the forecasts to divine the best sectors, as opposed to specific stocks, to invest in.

Candidates for both must have success in similar work focusing on Japan, either having lived there or at least visited often enough to understand the culture. Fluency in the language will be a help, although it is not essential. The strategist, in particular, needs thorough knowledge of international equity markets. Salary indicators are £85,000 for the senior post and £55,000 for the junior. Perks include subsidised housing, bonuses and cars.

Inquiries to Russell, Williams and *Associates, 43-45 St Mary's Rd, London W5* 5RQ; tel 081-579 1082, fax 081-566 2024.

Today's other two openings are based respectively in Milan and Paris. Offered by recruiter Graham *Walker* of Anthony Nevile International, they are for sales and marketing managers to drive the European expansion of an international group's subsidiary producing promotional material, such as brochures.

Candidates, for either post must be completely familiar with and the country in question and fluent in its language, and have success in opening up new markets for a comparable business. The salary indicator is £40,000-£45,000, with incentive bonuses and cars among the perks.

Inquiries to Mr Walker at 69 Midton Rd, Ayr, Scotland KA7 2TW; tel 0292 287969, fax 0292 611088.

Michael Dixon

Place	Living cost index	Infla-tion %	Exch'ge rate £1 =	Place	Living cost index	Infla-tion %	Exch'ge rate £1 =	Place	Living cost index	Infla-tion %	Exch'ge rate £1 =
Japan, Tokyo	139.6	4.0	245.50	Taiwan, Taipei	97.7	5.1	47.55	Brunei	83.4	2.5	3.12
Congo, Brazzaville	121.4	5.5	502.75	Germany, Frankfurt	97.0	2.8	2.96	Rwanda, Kigali	83.4	0.7	228.02
Norway, Oslo	120.1	3.5	11.55	USA, New York	96.1	4.9	1.74	UAE, Dubai	83.0	10.0	6.36
Finland, Helsinki	119.5	4.8	7.03	N Yemen, Sana'a	95.7	3.1	20.91	UAE, Abu Dhabi	82.8	10.0	6.36
Libya, Tripoli	113.4	4.4	0.50	Ireland, Dublin	95.3	2.6	1.11	Cyprus, Nicosia	81.6	3.9	0.82
Surinam, Param'ibo	113.4	0.8	3.10	Barbados, Bridget'n	95.2	3.4	3.49	Jordan, Amman	81.4	8.8	1.13
Switzerland, Zurich	111.7	5.9	2.53	Oman, Muscat	95.0	1.6	0.67	N Zealand, Well'ton	81.4	5.0	2.96
Ivory Cst, Abidjan	111.2	0.5	502.75	Qatar, Doha	92.4	1.6	6.31	Morocco, C'blanca	80.5	6.9	13.67
Denmark, Copenh'n	107.9	2.4	11.40	Australia, Sydney	92.0	4.9	2.24	Indonesia, Jakarta	79.4	5.6	3,379.17
Mauritania, N'chott	107.5	6.3	134.38	Bahrain, Manama	90.3	0.9	0.65	China, Beijing	79.2	3.2	9.13
Liberia, Monrovia	105.3	4.5	1.74	Trinidad, Pt o Spain	89.9	9.5	7.37	Thailand, Bangkok	77.9	6.0	44.00
Italy, Milan	105.1	6.7	2,207.25	Canada, Toronto	89.7	6.3	2.01	Fiji, Suva	77.2	8.5	2.58
Bahamas, Nassau	103.3	6.7	1.74	Cuba, Havana	88.6	7.0	1.38	Lesotho, Maseru	75.4	9.4	4.75
Ethiopia, A Ababa	102.6	-2.1	3.56	S Arabia, Riyadh	88.6	2.0	6.50	Nigeria, Lagos	72.4	1.4	16.46
Seychelles, Victoria	102.6	4.0	9.10	US, Los Angeles	88.6	4.9	1.74	Panama	72.1	3.0	1.74
Spain, Madrid	101.6	5.9	182.95	Netherlands, A'dam	88.3	2.6	3.34	Tunisia, Tunis	72.1	7.5	1.65
France, Paris	100.4	3.2	10.05	Luxembourg	87.3	4.4	61.20	Malaysia, K Lumpur	71.3	4.1	4.84
UK, London	100.0	6.4	1.00	Malta, Valletta	86.4	8.2	0.57	Egypt, Cairo	70.5	7.2	5.72
Austria, Vienna	99.4	3.5	20.79	Singapore	86.1	3.3	3.12	Algeria, Algiers	59.4	6.2	30.12
Belgium, Brussels	99.3	2.9	61.20	PapuaNG, P Moresby	85.7	8.1	1.68	Romania, Bucharest	47.6	–	65.76

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London

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Please send c.v. including salary details marked "personal" to:-

Mr Paul Oldham
Investment Manager
British Steel Pension Fund
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Radstock House
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British Steel Pension Fund

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For synopsis and rate card call Richard Jones on 071-873 3460 or fax 071-873 3065

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Further written details, and an application form (which must be completed) are available by writing in to the Personnel Section, Glen House, Stag Place, London SW1E 5AJ. Interviews will be held on 7th October 1991.

Closing date for receipt of applications is Friday 21st September 1991.

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Applicants should be qualified accountants, preferably graduate CA/ACA, aged say 30-40 with directly relevant experience in commerce; for example in consumer finance, mail order, insurance or other "multi-transactional" sector. Communication and people management skills are equally important. A creative computer user is needed.

For details, please write to **John Courtis** FCA at 104 Marylebone Lane, London W1M 5FU, enclosing CV, stating salary and listing how you meet these criteria. Quote 7259/FT.

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Market leading PLC, t/o £350m+, financially fit and on acquisition trail seeks new analyst, to join small team responsible to FD and work closely with Chief Executive and divisional top management on capital and development projects, growth plans, group strategy and budgets. The role offers scope for initiative in a creative peer group.

Candidates, aged say 30-36, must be graduate qualified accountants with corporate finance experience gained in a large PLC, large accountancy firm, venture capitalists or reputable bank. They need commercial flair, a belief in adding value via manufacturing, communication skills and a liking for a demanding but rewarding environment, leading beyond the finance function.

For fuller details, please write to **John Courtis** FCA at 104 Marylebone Lane, London W1M 5FU, stating salary, quoting ref. 7258/FT enclosing CV and listing clearly how you meet these criteria.

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You will be a qualified accountant, most likely aged 28-35, with the personality and potential for further career development within the Group.

For a confidential discussion please call **Brian Cogent** or **Neil Wax** on **071-387 5400** (out of hours **0923 720284**) or write to Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN, quoting Ref: 00622.

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INTEREXEC PLC

ACCOUNTANCY COLUMN

Small words may usher in tougher standards

By Roger Davis

LAST month the new Accounting Standards Board presented the next major steps in the progression towards tougher UK accounting standards. It explains its mission in the shape of a definitive Statement of Aims, and its authority in a draft Foreword to Accounting Standards.

At the same time, it published drafts of the first two chapters of a Statement of Principles. The drafts deal respectively with the objective and the basic characteristics of financial statements.

They represents the beginnings of a conceptual framework, for which many see an urgent need. Still to come are drafts on: the elements making up financial statements; when to recognise income and costs; and principles of measurement, presentation and consolidation.

These early documents are far from routine. A few seemingly innocuous new words and phrases in the Statements of Principles may well herald the requirement for a sea change in all companies' attitudes to financial reporting. So anyone who is unhappy with the ASB's language would do well to speak now.

The drafts add new terms to the lexicon of the true and fair view: amongst them "faithful representation" of the underlying commercial activity and "neutrality".

They are coupled with an unambiguous statement that accounts should be free from bias. The ASB says that accounting presentation should not "influence the making of a decision or judgment in order to achieve a predetermined result or outcome".

In plain language, it all suggests that putting any sort of gloss on the numbers is out. No one, least of all the ASB, believes that it will ever stop the natural tendency for companies to put a public relations face on their results: "Everyone else will do it. So must we" is the prevailing attitude. But the ASB's language is clearly designed to kill the philosophy, more often espoused by pedlars of creative accounting schemes than by responsible directors, that such schemes are fair game provided that you remain within the rules.

No one, least of all the ASB, believes that it will ever stop the natural tendency for companies to put a public relations face on their results... The ASB's language is designed to kill the philosophy, more often espoused by pedlars of creative accounting schemes than by responsible directors, that such schemes are fair game provided that you remain within the rules.

As I tell my clients on the receiving end of the marketing of such schemes, it's not just that you will delude your shareholders about your financial position. You as management will delude yourselves. That will be quite as serious a disservice to your shareholders.The complete Statement of Principles appears wordy, but to date contains a lot of commonsense.

So far so good. I hope then that the eventual standards themselves will not have so many words. The Ten Commandments are remarkable for their clarity. "Thou shall not commit adultery" is so obvious a command that it doesn't need elaboration. The more you try to define adultery in accounts, the more you will probably encourage the cottage industry in pretending that adultery really isn't that at all. In the final analysis, it depends on directors' and auditors' attitudes in upholding the spirit of the standards.

Now to some of the other aspects of the ASB's drafts. They say, not surprisingly, that accounts should be useful to users in making economic decisions. Who are the users and what decisions do they make? The Statement of Principles recognises that legitimate users include not only investors but employees, lenders, suppliers, customers, the government and the public – any stakeholder in the business, if you will.

However, it gives primacy to investors on the basis that meeting *their* needs is likely to meet most of the needs of the other users, insofar as they can be met by general purpose financial statements. That reflects international thinking. It moves away from the traditional view that investors are the only legitimate users of accounts but does not go so far as to accord equal consideration to all users. The statement suggests that investors need information "to help them determine whether they should buy, hold or sell". That is in danger of aligning accounts solely with a short-termist attitude to investment.

It is at odds with the fashionable view that shareholders should see their holdings not only as a tradable commodity but be encouraged to have a longer term commitment to companies.

Expressing the objective of financial statements in terms of relevance to decisions, which by definition relate to the future, means that accounts should have predictive value. The ASB also rightly recognises the crucial role of accounts in reflecting past stewardship. A lot has been said elsewhere about the limitations of balance sheets, but the balance sheet is, or at least should be, an excellent record of how management has spent its shareholders' funds and therefore on what it needs to earn a return.

Information is of little use unless the reader can be reasonably assured of its truthfulness.The newly released statements contain some fighting talk. Of themselves, they will not improve the quality of financial reporting overnight. Unless they become more than mere talk they could actually increase the gap between the expectations of users and preparers of accounts.

So predictive value is only one of a "shopping list" of characteristics of accounting information set out by the ASB. Others include relevance to users, reliability, reflecting substance and economic reality, completeness, comparability and timeliness.

Accounts must be understandable by the reasonably diligent and knowledgeable user. These qualities may sound unobjectionable, but they may lead to significant changes in accounting practice.

Missing from the list of characteristics is the need for verifiability. Information is of little use unless the reader can be reasonably assured of its truthfulness.The statements contain some fighting talk. Of themselves, they will not improve the quality of financial reporting overnight. Unless they become more than mere talk they may even increase the gap between the expectations of users and preparers of accounts.

The public may assume that imperfections have been addressed, when in fact there is a long road ahead. However, the statements provide the basis for a shared understanding of what accounts are trying to achieve.

They lay the foundation for what the ASB describes as evolutionary rather than revolutionary change. That is as it should be. We should not sacrifice an environment which encourages the majority of companies to follow the spirit for the sake of those who do not. Every indication is that the ASB is proceeding in a workmanlike manner towards ensuring that standards of financial reporting are improved.

The ASB should be warmly encouraged in its endeavours.

Roger Davis is head of Coopers & Lybrand Deloitte's accounting and audit practice.

ACCOUNTANCY APPOINTMENTS

TSB

Head of Financial Analysis

to £50,000 + bonus & banking benefits — Birmingham

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- Lead team of 30, including highly qualified managers and analysts. Key member of the management team.
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- Challenge to communicate analytical data effectively to add value throughout the organisation.

QUALIFICATIONS
- Extensive experience of sophisticated, broadly based financial analysis within financial services, retailing, FMCG or manufacturing.
- Highly numerate graduate, with accounting or economics qualification, ideally MBA.
- Seasoned team leader with superb presentational and communication skills. Exceptional drive, energy and work rate.

Please reply in writing, enclosing full cv,
Reference BK3597
**NBS, Bennetts Court, 6 Bennetts Hill,
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- Graduate, ideally 26-30. Minimum of four years in M&A analysis or corporate finance.
- Detailed research and analysis skills. Excellent modelling capability. Familiar with Blue and Yellow books. Languages.
- Effective communicator, comfortable dealing at Board level. Alert, flexible approach to fit small team.

Please reply in writing, enclosing *full* cv,
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Management Accountant

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c.£30,000 + bonus + car — Betchworth, Surrey

SmithKline Beecham is a world-leading pharmaceuticals company dedicated to innovation and standards of excellence in all that it does. Formed just over 2 years ago through the merger between the SmithKline Beckman Corporation and the Beecham Group, we are a new and exciting company devoting massive financial as well as human resources to developing a substantial drug portfolio.

Our finance department is central to the future development of the company. By providing a wide range of highly efficient accounting services, informed decisions can be made regarding the allocation of these resources throughout the drug development process. Restructuring of the department has created an excellent career opportunity for a management accountant to maintain a financial systems and analysis service capable of meeting all UK and European management/scientific requirements on strategic plans, operational revenue, capital budgets, project costing and human resource *planning. Your immediate challenges will be to build a* strong financial systems and analysis team and, as part of the continuing merger process, ensure the complete integration of the IFPS + (or equivalent) financial software package with the digital VAX system used by our scientists around the world.

A fully qualified graduate accountant, you will have 6-10 years' industrial or commercial experience and extensive knowledge of operational accounting/financial analysis and of the management utilisation of financial systems. A strong knowledge of computer applications is important, *whilst a second European language would be an* advantage. Perhaps most crucial, will be your first-class interpersonal skills, ability to work independently, and highly professional approach to your work.

A comprehensive benefits package includes a car, *bonus, pension and share-matching schemes, private* health care, and relocation assistance where appropriate.

If you're looking to join a company whose culture is one of reward and achievement, please send a full cv to *Alf Caws, Personnel Department, SmithKline Beecham* Pharmaceuticals, Brockham Park, Betchworth, Surrey RH3 7AJ.

SB
SmithKline Beecham
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Finance Director

East Anglia — £40,000 + Car + Bonus

We are currently acting for a dynamic, £20m turnover manufacturer of fast-moving consumer goods. The company is a subsidiary of a successful plc with an impressive record of organic and acquisition based growth.

The requirement is for an ambitious finance professional to join the key management team at board level. In addition to managing the finance function, the successful candidate will be expected to contribute to the strategic running of the business. Experience of managing and developing costing systems for high-volume production operations is a pre-requisite.

You are likely to be ACMA/ACA qualified with a successful track record that includes the management of a finance function in a production/manufacturing concern, ideally in a business supplying the retail trade. Candidates must be able to demonstrate energy and commitment, together with the confidence and presence to command respect both *within and outside the organisation.*

Candidates should in the first instance, write with full Curriculum Vitae (including salary details) to **Rod Bateman ACA, Michael Page Finance, Imperial Building, Victoria Street, Nottingham NG1 2EX.**

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FINANCE DIRECTOR

c£35k + benefits

Premier Biscuits, a division of Premier Brands and makers of Cadbury Biscuits and Smash Instant Potato are looking for a Finance Director to help maintain a competitive edge in their UK and international markets.

The Premier Biscuits style is informal, accountable and hands-on where hard work and commitment is taken for granted. Our business which employs 1400 people is based at our manufacturing site on the Wirral.

Reporting to the MD you *will be fully involved in the strategic and commercial decision making* processes of the business.
Responsibilities also encompass management and statutory accounting, together with systems development directed towards the timely production of management information. With significant expansion in recent years and ever increasing automony you must be able to manage change whilst maintaining the existing core disciplines.

Likely candidates will be qualified graduate accountants with previous experience in a blue chip environment. You will be used to making a significant contribution to the management of a large business and will be an excellent communicator and motivator.

An attractive benefits package is being offered commensurate with this role based on a salary of c.£35k, plus executive car, bonus and private medical insurance. In addition relocation assistance will be given where appropriate.

Please apply in writing giving details of your current salary package to:

Tim Ellis
Personnel Manager
PREMIER BRANDS (UK) LTD
Moreton
WIRRAL, Merseyside, L46 8SE

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Financial Director Designate

Docklands — c£40,000 + Car + Benefits

Our client is a highly successful international media services group with ambitious plans for continued growth via acquisitions, joint ventures and organic expansion.

This newly created role reports directly to the Chief Executive and encompasses all aspects of financial management and control, systems development, treasury and company secretarial duties. As a key member of the *management team, primary responsibilities* will be to ensure that the Group operates with maximum financial efficiency, to play a leading role in corporate strategy and to manage and develop a highly motivated finance department.

The candidate we seek will be a commercially minded qualified accountant aged 30-45, with experience at the sharp end of a small/medium sized international business. Maturity, a hands on approach, and the ability to work at board level in a team environment are pre-requisite to the appointment. A reasonable level of fluency in French, or a second European language is also highly desirable.

Interested applicants should send a full Curriculum Vitae quoting reference 901 to **Diane Forrester ACA, Executive Selection Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.**

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Financial Management

London — Salary negotiable

Our client, a division of a leading publishing corporation, is expanding its business as a multi-media publisher of company information, serving both the UK and European markets. To meet the accounting demands arising from this expansion it wishes to strengthen its finance function by the appointment of two senior accountants to the following positions:

FINANCE MANAGER

Reporting to the Finance Director, this position will be responsible *for all aspects of financial* accounting and will manage, through two reporting lines, a team of 10 people employed on Credit Control, Sales Ledger and Bought Ledger.

Suitable *candidates will be qualified* accountants with good systems and financial accounting skills acquired in a fast-moving commercial environment.

SENIOR MANAGEMENT ACCOUNTANT

Reporting to the Finance Director, this position will have prime responsibility for developing the management information systems required to provide financial and non-financial information on a regular and timely basis.

Suitable candidates will be qualified, preferably ACMA with at least 2 years experience in an analytical role, ideally within the publishing industry.

For both positions suitable candidates will possess excellent communication skills, oral and written, combined with the maturity and self-confidence required to deal effectively at all levels.

Applicants for either post should apply in writing enclosing a comprehensive career history to:

AGB Executive
Box 283, London EC1N 2NE.

Chief Financial Officer

Greater Manchester
c£35,000 + Car + Profit Share + Benefits

Our client is a £12 million turnover subsidiary of a multinational group operating as an importer of high-quality consumer goods in diverse domestic markets. As a market leader, it has enjoyed strong growth over recent years and has ambitious plans for further expansion in the future.

An energetic, hands-on Accountant is now required to work closely with the Managing Director in providing broad finance and administrative support *for the commercial direction of the business.* Emphasis will be placed on developing robust computerised systems to handle high-volume, complex transactions and maintaining strict procedural control over working capital. As Number Two to the Managing Director, liaison with external professional advisers will be an important aspect of this role.

Candidates will be qualified accountants who can *demonstrate sound technical skills and significant* experience of computerised systems development gained in a fast-moving commercial environment. You will need strong drive and a high level of commitment to take advantage of this exciting opportunity.

Interested candidates should send a curriculum vitae to **Mark Hurley ACMA, Regional Manager, Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ, quoting ref: M14829.**

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Finance Director

Defence Research Agency

Europe's Largest Research Organisation

Salary Negotiable

The Defence Research Agency (DRA), an executive agency of the Ministry of Defence, employs 12,000 staff - a significant proportion of the nation's scientific resource. The DRA turns over £700m and has a very substantial asset base exceeding £800m at current valuation.

Led by a new Chief Executive recruited from the private sector, the DRA is planning to change dramatically and on a tight timetable. Out of a grouping of separate Civil Service establishments with purely cash-based accounting systems, the DRA is creating a single, rationalised, customer-responsive business, with financial targets, a commercial accounting system and extensive delegation of budget responsibility to line managers.

The Appointment

A Finance Director is to be appointed as soon as possible, as a key agent of change across the DRA, as well as being responsible for professional accounting input. Reporting to the Chief Executive, the Finance Director will be a member of the DRA's top management board. He/she will also be directly responsible for 300 finance staff and major financial/MIS systems investment.

Requirements

- Professionally qualified to FCA/FCCA or equivalent level with substantial post-qualification experience, including the introduction of profit/cost centre systems in large service businesses; valuation and financial management of substantial fixed assets; accountability at board level for planning, management and statutory commercial accounts and internal audit. Experience of treasury management and Government accounting is desirable but not essential:
- Management experience at senior level in businesses subject to major reorganisation (eg post-merger), culture change and cost reduction, including line responsibility for a substantial finance department.

To attract a top finance professional, with strong general management qualities, to this 3 year (potentially extendable) appointment, the DRA is prepared to offer a very competitive remuneration package including performance bonus. The appointment is in Farnborough, Hants.

Apply in strict confidence by sending a full CV (**quoting ref: C/92/1204**) to reach Recruitment & Assessment Services, Alencon Link, Basingstoke, Hants RG21 1JB, no later than **20 September 1991.** Candidates applying near to the closing date may fax their CVs to Basingstoke (0256) 846565. Please include details of budgets and scale of responsibilities handled, your relevant experience of major organisational change and your latest remuneration as well as professional background and reasons for applying. You should also include the names of two referees who can be approached if you are invited to interview.

Further details will be sent to candidates on receipt of CVs. These are obtainable in advance from Barry Hilton on 0256 846382. **Please quote the above reference.**

The Defence Research Agency is an equal opportunities employer.

DEFENCE RESEARCH AGENCY

Teachers' Pensions Agency

Finance Director - Darlington

A Teachers' Pensions Agency (TPA) is planned for early 1992 under the Government's Next Steps policy for delivering high quality public service. The Agency would be located in Darlington to take over the function of the Department's existing Pensions Branch. It will have a budget of approximately £4 billion, including £5 million running costs.

You will initially be appointed as Head of the Pensions Branch Finance Unit and as Finance Director Designate of the Agency. As Finance Director you will support the Agency Chief Executive in her capacity as Agency Accounting Officer in planning and controlling the Agency's performance including being responsible for developing the financial content of the TPA's Corporate and Business plans and contributing to the development of operational strategies. You will manage the Agency's financial affairs on a day to day basis and serve as a member of the Agency's Management Team. You will be responsible for taking forward the development of the Agency's computerised accounting arrangements and *systems to meet the TPA's management needs.*

Applicants must be CCAB qualified with at least three years' directly relevant management accounting experience at a senior level. The ideal candidate would *also have a proven track record of corporate management* skills and the implementation of new computerised accounting systems, and a good knowledge of audit procedures.

The ability to maintain financial proprieties is an essential attribute, as are good communication skills, motivation and determination and the ability to motivate others to achieve targets.

The appointment will initially be for a period of 5 years with a mutual option at 3. Starting salary £23,855 – £27,819, depending on qualifications and experience with further increments up to £33,175, depending on performance. Assistance with the cost of relocation may be available.

For further details and an application form (to be returned by 30th September 1991) write to Recruitment & Assessment Services, Alencon Link, Basingstoke, Hants RG21 1JB or telephone Basingstoke (0256) 468551. *Please quote ref: C/92/1211.*

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DEVELOPING A SUCCESSFUL IMAGE

How to Create a Powerful Impression

IN LONDON ON TUESDAY
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8.30am to 9.30am

IN THE THAMES VALLEY ON
TUESDAY 24th SEPTEMBER AT
SLOUGH/WINDSOR HOLIDAY INN,
DITTON ROAD, LANGLEY, NR. SLOUGH, BERKS
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This breakfast briefing will be given by Mary Spillane, a leading image consultant, who advises companies throughout Britain and Europe on making the most of their corporate image through their people.

The talk will cover:-
- Why image matters.
- How your team's image can push the company forward or hold it back.
- Guidelines for successful image for men and women.
- Cross cultural image - how to project your company more effectively abroad.

As Chairman of CMB Image Consultants Europe, Mary Spillane directs a network of 650 consultants who advise both men and women on making the most of their personal image. She holds an MPA from Harvard University and a B.A. in *Politics.*

Previous experience includes a consultancy to the United Nations in Geneva and the President Jimmy Carter administration in Washington. D.C.

Her latest book 'The Complete Style Guide' has recently been published by Piatkus Books.

Please note that places at the breakfast are strictly limited.

If you wish to attend the Business Breakfast write to Rachelle Nelson at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R OBR. (Telephone: 071-836 3545).
If you wish to attend the Business Breakfast write to Sarean Platt at Robert Half, Freepost, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1EH. (Telephone: 0753-857777).

Group Financial Controller

International £30m Turnover Manufacturing Group

c£30,000 + car — North West

Our client is a successful and exciting textile and high tech component manufacturing group with several UK and international manufacturing sites. Healthy and profitable growth continues, necessitating this new position based North of Manchester in an impressive new Head Office.

Reporting to the Group Managing Director, you will provide central co-ordination of financial and management information and broad advice and guidance to the group. The key monthly international consolidation duties and annual budget preparation provide worldwide travel opportunities and regular contact with banks, auditors and group companies add to the role. Your sound professional experience gained in manufacturing companies and possibly financial consultancy will be complemented by knowledge of computer systems and company secretarial duties, plus ideally some acquisition and company flotation finance.

Aged in your 30's or early 40's, you will be a qualified Accountant, probably ACA, with relevant financial experience in manufacturing industry. You will have operated to tight personal deadlines and enjoy both hands on accountancy and the opportunity to proactively influence the group's direction and performance through operating companies. Career prospects are good.

The package comprises a salary negotiable c£30,000, fully expensed company car and other good benefits including relocation assistance if necessary.

Please write with full career and salary details - in confidence - to David Mather, reference 31126, MSL International (UK) Limited, Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

Accounting Manager

– Pension Fund Performance

Attractive Package

Flexible Location

The NRA is the strongest integrated protection agency in Europe, improving all aspects of the river water environment in England and Wales. The Authority *has statutory responsibility for administering the pensions* of its own workforce of around 7,000 employees, and also for around 39,000 people who had worked in the water industry before the water plc's were established. With invested funds in excess of £1,000m, professionally managed by appropriate leading companies in the pensions industry, the Pensions Committee of the Funds require information and advice to check that the highest possible standards of performance and professional services are maintained.

Reporting to the Finance Director of the NRA in *Bristol*, the Accounting Manager – Pension Fund Performance will prepare periodic management accounts for the Fund, produce the Annual Report for the members, check compliance with the Committee's requirements, provide measures of the *effectiveness of* the service companies, and undertake specific projects for the Committee.

Accordingly candidates will preferably be qualified accountants (probably Chartered) with relevant experience in pension funds accounting or similar financial services. The responsibilities of monitoring the effective management of such large funds are fully recognised in the remuneration levels set for the position: working conditions are, of course, excellent.

Candidates should send a comprehensive c.v or telephone for an application form to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester, M3 2LF. Tel: 061-839 2000 quoting reference (F.T.570E).

NRA

Howgate Sable

EXECUTIVE SEARCH AND SELECTION

Qualified Accountant

To offer a Treasury advisory service to Local Authority clients

In recent years, UBS Phillips & Drew, part of the triple A rated Union Bank of Switzerland, has established market leadership in the provision of Treasury consultancy and advice to a wide range of Local Authorities. A small, highly professional and committed team has developed this fascinating niche, both marketing the service and ensuring long term business by the quality of advice offered. We are looking for a young graduate accountant to join this team. Candidates should be of the highest calibre, with accountancy experience extending throughout the Treasury function, PC literacy, broad ranging business understanding and a high level of inter-personal skills. Although a CIPFA qualification would obviously be appropriate, we will be interested to hear from members of other accountancy bodies who can demonstrate these other strengths. Most positions nowadays demand hard work and a conscientious approach, but here the long hours involved, and the need to travel throughout the UK from our City base, make that requirement very clear. The rewards are the opportunity to become involved with the undoubted market leader in a fast developing market, and the security associated with a bank of our stature; as you would expect, the attractive salary is supplemented by a benefits package of the highest level.

**Please send full career details to
Lorna McArthur, Personnel Manager,
UBS Phillips & Drew,
100 Liverpool Street,
*London EC2M 2RH.***

UBS Phillips & Drew

Top Opportunities

appears every Wednesday

For advertising information call:

Elizabeth Arthur
071-873 3694

Stephanie Spratt
071-873 4027

GROUP FINANCIAL CONTROLLER

Thames Valley — **c£37,500 + bonus + car**

Our client is a significant quoted British group manufacturing high quality capital equipment for the engineering industry. Its recent performance is characterised by a move to higher technology products, selective acquisition and high export levels. It is a decentralised operation with companies both in the UK and overseas.

The need now is for a Group Financial Controller to be responsible at Group level for all management accounting, financial accounting including consolidation, supervision of operating company systems and tax planning for the Group. The person appointed will report to the Financial Director and will be expected to carry out the financial strategy of the Group.

We should like to hear from qualified accountants who have had experience in manufacturing industry and who have also worked in a corporate head office. Candidates should be familiar with modern data processing systems and detailed experience of UK corporation tax is essential. Personal qualities are also important where a commercial flexible approach is vital, together with the ability to contribute to leadership of the finance function.

Please write with a full CV stating current remuneration and quoting reference 2033 to John Little, Bull Thompson & Associates Ltd., Alliance House, 63 St Martin's Lane, London WC2N 4JX, who is advising on this appointment.

Bull Thompson

CORPORATE AND RECRUITMENT CONSULTANTS

TEESSIDE c£40,000

Finance Manager

Enron Corp is a dynamic and expanding U.S. based integrated natural gas company with a turnover of $13 billion and staff of 7,000. *It has recently formed Enron Europe in the UK to develop new* markets in Europe. The centre piece of Enron's European expansion is the construction and operation of the UK's largest gas fired combined cycle cogeneration power station. The power station starts commissioning in August 1992 and when completed in April 1993 will represent 3% of the UK's electricity supply. In addition Enron is constructing a petroleum liquids extraction facility on Teesside which will also be completed in April 1993.

The Finance Manager will initially report to the European Controller and be responsible for all financial aspects of Enron's Teesside operations. The manager will take a lead role in systems development and be responsible for the recruitment of the finance department. He/she will be a member of the management team and be expected to make a significant contribution to the commercial success of the operation.

The successful candidate will probably be in his/her thirties with hands on systems development skills and substantial experience in *power generation, chemical* or a related industry. He/she will have a proven track record in a demanding environment with outstanding leadership communication and commercial skills.

In addition to a competitive performance related salary, Enron offers a progressive and flexible benefits package which includes a *share ownership plan, a money purchase pension plan, medical* and dental cover and a generous car allowance. Relocation assistance is also available. If you feel capable of meeting the challenges of this unique green field opportunity please write with a full C.V. and current salary package to: Carole Reid, Enron Europe Ltd, Concorde House, Concorde Way, Preston Farm Industrial Estate, Stockton on Tees, Cleveland TS18 3RB. Tel: (0642) 612 425.

ENRON

Finance Director
Trade Organisation

Central London

Our client is one of the largest Trade Associations in the U.K. with its members representing three-quarters of their U.K. conducted business. The head office is based in Central London with a strong network of regional offices throughout the U.K. In addition to their mainstream business the association is also involved in a wide range of profitable commercial services, including publishing, training and conferencing.

The Finance Director will be a key member of the Executive Board. Reporting to the Director General you will assume overall responsibility in all areas of Finance, Information Technology, Secretariat, Personnel and Administration.

Salary Negotiable + Car + Benefits

An important first responsibility will be the development and implementation of professional and financial policies and procedures.

You will be a qualified accountant of graduate calibre with a high degree of commercial awareness. You will have demonstrated strong technical skills, initiative and *creativity in your current position.*

In the first instance, please contact **Chris Denington, Head of Human Resources Division,** by writing to him at the address below quoting reference *CD012 or alternatively telephone him on 071 383 5100.*

Grant Thornton Management Consultants, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Grant Thornton
MANAGEMENT CONSULTANTS
The UK member firm of Grant Thornton International

Could you control a £100 m[illegible]ion investment programm[illegible]
Investme[illegible]t Analyst

WARWICKSHIRE
c.£38,000 + car + benef[illegible]

Following the recent changes in the electricity industry in Englan[illegible] Wales, the National Grid has assumed a key focus as a commercially orientated a[illegible]ward-thinking business. We are committed to formulating and developing v[illegible]usiness strategies which will allow the National Grid Company to play a centra[illegible]ynamic role within the new commercial arena following privatisation.

With assets of £5 billion we now have exciting and challenging c[illegible]rcial development opportunities. Critical to our business success, is the inve[illegible]t programme which exceeds £1,000 million and 100 projects with £300 [illegible] plus of new projects each year.

The Investment Analyst will help achieve the sound financial an[illegible]mercial appraisal and control of this programme.

Working as part of a small, flexible team you will liaise closely wi[illegible]r managers and technical specialists, gaining a broad view of the whole business a[illegible]s using your existing financial skills.

Contributing to project development, you will assess the financi[illegible]ication of major investment proposals, critically review budgets, forecasts and p[illegible]progress, agreeing corrective action where necessary.

Probably in your thirties, you will be a qualified accountant, with[illegible]nical/ athematical degree coupled with sound analytical and commercial bu[illegible]skills. Ideally you will have experience of appraising large projects, probably acquir[illegible]capital-intensive business. A self-motivated, confident approach and good int[illegible]onal skills are essential.

The position is permanently based in Warwickshire, albeit with a[illegible]l period to be spent in Central London. Relocation assistance will be offered where[illegible]opriate.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to *Ann Shepherd, Coopers and Lybrand* Deloitte Executive Resourcing Limited, 76 Shoe Lane, London EC4A 3UB, quoting reference AS/837 on both envelope and letter.

National Grid

Committed to Equal Opportunities

WALT DISNEY

European Controller
c.£48,000 + car / West London

The Walt Disney organisation is expanding rapidly in Europe across the *complete spectrum of entertainment media. To cope with the complex demands of* this unique business, the company is moving to consolidate the accounting functions of its individual international operations. The swift and effective implementation of this task will be the key challenge facing the new Controller.

Operating from a base in West London, you will build and manage a growing network of local accounting groups spread through Europe. You will be ultimately responsible for the full range of financial issues, including foreign exchange, cash management, internal controls, policies and procedures, financial reporting and systems, statutory issues, tax, facility set-up and standardisation. In strategic terms, you will spearhead a long-term study to examine the viability of centralising business functions in Europe.

A qualified chartered accountant with a minimum of eight years' experience with multinational corporations, you will relish the opportunity to establish and lead a complex international accounting function at the centre of a truly exceptional organisation. An advanced business qualification would be an advantage, and you must have excellent interpersonal skills. There will be regular travel throughout Europe and, on occasion, to California.

Salary will be supported by an attractive benefits package. The European organisation will grow swiftly during the next few years and success in this high-profile position will open up further career development opportunities.

Buena Vista International

Please send your full résumé to
Kim Lawrence, A.T. Kearney Limited,
Stockley House, 130 Wilton Road,
London SW1V 1LQ.

POLY·LINA LTD

Poly-Lina is a dynamic UK based company with a £[illegible] million turnover and a workforce of 450.

For 25 years we have been a market leader in consumer packs of Bin Liners, Refuse Sacks, Food and Freezer Bags and Cling Film.

Please send your C.V. or write for an application form to:
The Personnel Director,
Poly-Lina Ltd.
Halesfield 11,
Telford
Shropshire, TF7 4LZ
Telephone: 0952 588511

Our need is for a bright and ambitious qualified accountant to take a leading role in our Finance Department.

Candidates must have broad experience gained in a manufacturing company, ideally in the FMCG sector. Familiarity with sophisticated computer based systems is vital. *You must also be committed, flexible and used* to working with operational detail. Above all you will be a proven people manager with well developed interpersonal and communication skills.

FINANCIAL ACCOUNTANT

c. £30,000 + CAR **ENFIELD, MIDDLESEX**

The work will be interesting and varied.
Reporting to the Financial Director, key responsibilities will include leading the established management accounting team, developing new performance indicators, and managing all financial accounting and company secretarial requirements.

You will be expected to achieve early promotion *within our fast developing organisation.*

Working for you — CENTRAL SERVICES —

HEAD OF DIRECTORATE RESOURCES

£21,936 – £26,022 p.a. (Pay award pending)

HAVE YOU GOT WHAT IT TAKES?

This new post, which reports to the Director, has been created to develop and implement systems which will enable the Directorate to support and service effectively its corporate and Directorate requirements, and to contribute to the development of a culture which is pro-active and responsive to changing needs and priorities.

Key areas of responsibility include:

- Advice on and implementation of management systems including Financial, IS/IT and Personnel. Initially, the key focus will be on managing accounting systems.
- Management and development of the Resources Group.
- To ensure an effective response to Compulsory Competitive Tendering and the management of organisational change.

The Directorate employs over 200 people, who provide a wide range of services for Councillors, members of the public and other Directorates, including Legal, Information and Communication, Valuation and Democratic Services.

If you have an ability to develop innovative yet practical solutions to the many changes facing Local Government, and have operated at a senior management level within a large organisation, then we would like to hear from you, *particularly if you are a Management Accountant with a broader vision.*

Benefits include leased car, substantial relocation package and attractive pension arrangements.

For an application form and information pack contact the Directorate of *Personnel and Management Services,* Southampton City Council, Civic Centre, Southampton, SO9 4ZF. Telephone: (0703) 832575.

Closing Date: 20th September 1991.

Interviews will be held: 10th/11th October 1991.

SOUTHAMPTON CITY
AN EQUAL OPPORTUNITIES EMPLOYER

For an informal discussion regarding the position, telephone Mr. Jim Rooke, Acting Director of Central Services on (0703) 832638.

THIS JOB IS OPEN TO JOB SHARE. **Ref. No. JE15**

WE STRONGLY ENCOURAGE APPLICATIONS FROM BLACK AND ETHNIC MINORITY PEOPLE, WOMEN AND DISABLED PEOPLE TO ALL POSTS AND REQUIRE ALL OUR EMPLOYEES TO BE COMMITTED TO EQUAL OPPORTUNITIES.

ALL APPLICATIONS ARE JUDGED SOLELY ON THEIR MERITS.

Challenging Careers for Economists at The International Monetary Fund

The IMF is currently seeking economists to fill a variety of challenging assignments at its headquarters in Washington, D.C. Some economists are directly responsible for monitoring the developments of each of the 155 member countries: others develop policies and financial programs, conduct research projects, and provide analytical and statistical support to country studies. Economists prepare reports for the IMF Executive Board, as well as studies that appear in IMF publications. Many economists travel in small teams on missions to member countries for two or three weeks to review national economic policies with government officials. Fluency in English is required of all economists; proficiency in other commonly spoken languages is advantageous. Career staff are encouraged to broaden their experience by participating in an internal mobility program after three years on the staff.

Jobs for Experienced Economists

The IMF recruits experienced economists through fixed-term appointments that may lead to a regular staff position. Applicants must be well trained in macroeconomics and should have relevant experience in a government department, central bank, academic institution, or other organization dealing with monetary, fiscal, or trade policies. Startin salaries are commensurate with training and experience. Typically, candidates are in the 33-45 age range, with at least a Masters degree in economics (or equivalent) and from 5 to 15 years of relevant experience.

Economist Program (EP)

This program is designed for economists below the age of 33 whose advanced training in economics and, in some cases, work experience, suggest that they have strong potential for an IMF career. The two-year program enables participants to undertake one-year assignments in two different IMF departments and to participate in at least two missions to member countries. Applicants must be thoroughly trained in economics - with emphasis on monetary economics, international trade and finance, and public finance. The successful EP candidate is 29 years old on average, typically has a Ph.D. in economics or in some cases a Masters degree with some relevant work experience, and is highly motivated to work in an international organization. The starting salary for a Ph.D. with no work experience is US$53,000. About 90 percent of the EP participants join the regular staff at the end of the program.

Interested applicants should send a curriculum vitae to:

Recruitment Division
International Monetary Fund
700 19th Street, N.W.
Washington, D.C. 20431

or Fax: (202) 623-7333

THREE PARTNER CHARTERED ACCOUNTANCY PRACTICE

with healthy core business is looking for young and energetic additional partners with practice development skills.

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an international systems implementation challenge

BUSINESS ANALYST

REMUNERATION TO £36K • EXTENDED TRAVEL WORLDWIDE

Our client is a UK-based world leader in the development and manufacture of advanced electronic equipment and has a particularly high international profile. To consolidate their global infrastructure to support further growth, they need to install a single international business system at their sales and service outlets across Europe, Australia and the USA - which is where you come in.

A common system is being defined. It's your job, working in partnership with each territory's senior management (and with due consideration for local statutory requirements) to rationalise working practices and implement the system, whilst keeping to the tightest of timescales. Following an induction period in the UK you will spend several months in each territory, commencing in Europe.

You are a qualified or finalist accountant with a background in manufacturing or distribution and have highly developed communications skills including written and spoken French and preferably German. It is vital that you have personally led the installation of at least one sizeable computer system.

You're confident, well-organised and a true international diplomat, able to influence colleagues and encourage co-operation. You set ambitious goals and achieve them through strong tactical thinking combined with team-work and a keen eye for detail.

This is a rare and extremely challenging role. If you have what it demands, please write with CV to Sarah Pavey at Christian Davies, 3 The Mews, Brickendonbury, Brickendon Lane, Hertford, Herts SG13 8NP, quoting ref: SP1370. Fax: (0992) 500207.

Christian Davies
ADVERTISING

Finance Director

Subsidiary of a highly successful Plc

To £45,000 + BMW **Scotland**

An outstanding opportunity for an ambitious accountant who is looking for a significant career advancement to join the board of a commercially orientated company.

THE ORGANISATION

- Subsidiary of a highly successful quoted company operating in the service sector.
- Highly profitable and acquisition orientated.
- UK Market leader in its field.

THE POSITION

- Reporting to the Managing Director and liaising with the Board of the Holding Company, you will lead and motivate a small team responsible for the accounting and financial control of the subsidiary company.
- Responsible for the timely production of financial and management information and the development and enhancement of the computerised database and accounting system.

QUALIFICATIONS

- Intelligent, pro-active, qualified accountant of graduate calibre aged 30-35.
- First class technical and computer skills preferably gained with a major profit orientated company that is sales/marketing driven.
- 'Hands-on' accountant who is highly motivated with strong leadership and man-management abilities.
- *Ability to contribute to the commercial management of the company.*
- Confident and assured personality. You will already hold a responsible financial position possibly as Financial Controller of a major subsidiary and are *now looking to develop your career further* in a fast moving commercial environment.

If you are interested, please telephone Graham Marlow on 0532 451212 or *send your CV, in confidence, quoting reference number 771, to* Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY. Fax No. 0532 420802.

ADAMSON & PARTNERS LTD.

Executive Search and Selection

MOORE INTERNATIONAL DIVISION EUROPE & AFRICA

COMPUTER AUDITOR INTERNATIONAL OPERATIONS

The Company: Moore Corporation - for over 100 years the acknowledged leader in business forms and systems worldwide.

The Position: To participate in systems development projects and in reviews of data centres and applications throughout the European International Division. Based in either London, Paris or The Hague, depending on the successful candidate's present country of residence. Up to 30% travel.

The Qualifications: 1-3 years full time computer auditing experience, with a related degree and.or professional qualification: knowledge of financial and EDP controls preferably in on-line systems and/or in manufacturing: initiative, self-confidence and the ability to work with limited direct supervision: fluency in French is essential.

The Rewards: Challenge, opportunity for growth and high visibility complemented by a competitive benefits package and a salary which will be commensurate with qualifications and experience.

P. Barton-Hanson
Computer Audit Manager
MOORE INTERNATIONAL DIVISION
81 Southwark Street
London SE1 0HX

Please enclose a comprehensive C.V. with salary history and contact telephone number.

Price Waterhouse

EXECUTIVE SELECTION

Financial Controller

c£30,000 + car + bonus Herts

This international group of consultants to the construction industry has a blue chip client base. With a view to strengthening the existing finance function, the company wishes to recruit an ambitious qualified accountant to the Number Two position within the department.

In addition to ensuring the smooth running of the accounts team on a day to *day basis, you will be responsible for the* production of timely and accurate management information to assist the non-financial managers in running the business.

Probably aged in your early/mid 30's, in addition to your accounting qualification, you will have gained experience in a *management role* in industry or commerce.

With a strong management reporting background, you will be a competent user of PC based accounting systems and will, ideally, have some exposure to computerised job costing systems. You will have the maturity to gain credibility quickly at senior levels, coupled with a high degree of commercial acumen.

To apply, please write, enclosing a CV and salary details and quoting reference G/1178 to Susan Ryder at the address *below. Applications* will be forwarded directly to our client and therefore candidates should list any companies for which they would not wish to be considered.

Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate
1 Moor Lane
London EC2Y 9PB
Telephone: 071-939 6343

YCL YORKSHIRE

GROUP FINANCE DIRECTOR

Leeds **c. £50,000 + Benefits**

Outstanding opportunity for a qualified, result orientated accountant of graduate calibre to join long established, profitable and rapidly growing plc. with a turnover approaching £100 million.

The successful candidate is likely to be aged over 40, wil be a committed team worker, possess highly developed managerial skills and be capable of making a significant contribution towards long term strategic plans.

Applicants should have senior level experience of accounting within an integrated multi-national group, including capital expenditure and acquisition appraisal, and a sound appreciation of information technology.

All applications, which must be received by 16th September, will be treated in strictest confidence. Please write, enclosing a full curriculum vitae to:

The Chairman,
Yorkshire Chemicals plc.,
Kirkstall Road,
LEEDS LS3 1LL

ORGANISATION EUROPÉENNE POUR LA RECHERCHE NUCLÉAIRE
EUROPEAN ORGANIZATION FOR NUCLEAR RESEARCH
Laboratoire Européen pour la Physique des Particules
European Laboratory for Particle Physics

CERN

GENEVE, Suisse
GENEVA, SWITZERLAND

Close to Geneva, CERN, The European Laboratory for Particle Physics is an International Organisation of world renown which promotes the study of the fundamental constituents of matter using large research facilities such as particle accelerators, detector systems with associated powerful computer installations.
In a living example of international collaboration, some 3000 staff from 16 Member States (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, United Kingdom) are working together to provide a service for the International Physics Community.

We are looking for

QUALIFIED ACCOUNTANTS

to fill 2 positions in Finance & Pension Fund Administration.

Candidates should have:
- *a professional diploma as a qualified accountant, or university* degree including Finance and Accounting;
- experience of modern finance and management accounting methods as well as budget control and development of procedures;
- very good knowledge of data processing, (including the use of personal computers), as applied in the above fields

These vacancies are open to:
applicants from CERN member states who
- wish to broaden their scope in an international environmental and take on administrative responsibilities in a large research centre;
- have a good command of one of the CERN official languages (English and French), and also of another European language.

CERN *offers competitive salaries, good social benefits and an excellent opportunity to work in a multinational research oriented environment.*
For further details and an application form, please contact our Employment Enquiry Office tel. (022) 7672735, telefax. (022) 7828307, CERN, 1211 Geneva 23, Switzerland.

" Finance Executives "

European Locations
France Italy Germany Greece Spain
United Kindom Portugal Belgium Netherlands Austria
American Locations
Canada United States Mexico
Central America and South America

Our client, an international financial institution with well established operations in over twenty countries, seeks high calibre executives for a number of positions. Mobility is required in order to optimize the excellent career opportunities being offered. In addition to fluency in english, candidates must also be fluent in at least one of the languages of the above mentioned countries.

COUNTRY MANAGER
Reporting to the International Department, the country manager will represent the financial institution in front of the Financial Authority and will be responsible for achieving business objectives set forth the unit.
In addition, they will define and implement strategic, excercise budgetary control and motivate and develop the unit's personnel. Finance experience is required for this position.

FINANCE EXECUTIVE AGENT
Reporting to the appropriate Country Manager, Finance Executive Agent will be involved in determining and implementing the finance group's strategic plans for that country. Areas of responsability will include corporate finance, investment and trade services. Experience in each of those areas is essential. Previous exposure to retail financing will be beneficial in certain countries. The total compensation package will be highly competitive to reflect the importance of those positions.
Recruitment for these positions will be carried out by our European and American practice in first instance. Candidates who are interested in these very challenging positions earning up to $80,000.00 yearly, are invited to send a letter of application, including a CV, quoting reference B/2311 to:

DICKSON AND DICKSON, S.A.
Executive Selection Division
P.O. Box 87-1704
Panama, Rep. of Panama

CAREER CHOICE 1991

Whether you need one graduate or a hundred you will be after the best prospects, and your best prospect for reaching them is by advertising in the Financial Times Career Choice Guide. The chances of you attracting the best candidates this year are not better simply because there will be more graduates chasing less jobs.

The fact is, the best prepared prospects will still choose the jobs and companies they want, rather than the other way round.

"Career Choice" - the F.T.'s guide for final year undergrads, is an important part of the preparation. Over 100,000 copies of the guide (one for every finalyear student) will be distributed on Campus in October. It is also in the F.T. on October 17th so that parents can also ensure it reaches the right audience.

For synopsis and rate card call Richard Jones on 071-873 3460 or fax 071-873 3065

GROUP FINANCE DIRECTOR

Midlands ***c£45,000, Car, Share Options, Executive Benefits***

This is an excellent opportunity to play a leading part in the strategic development of a publicly quoted manufacturing/distribution group with considerable growth potential. Having recently undergone changes at main board level the business is now headed up by an ambitious and entrepreneurial group of professionals who are developing a new culture and are intent upon pursuing an aggressive *acquisitions policy to take the group forward* and meet the challenge of a fast changing market place.

As a key member of the main board the Group Financial Director will have a strong commercial input to business development plans - development of existing businesses, strategic acquisitions and diversification into new markets. You will assume complete responsibility for all group finance/company secretarial matters including statutory reporting, taxation, funding and investment policy together with liaison with Institutional Investors and the City. The implementation of effective and tight financial controls together with the upgrading of existing systems is essential to provide fast accurate and relevant management information and prepare and facilitate for the group's rapid but realistic growth plans.

To be considered for this influential and high profile role you will be a qualified Chartered Accountant in the age range 33-45. Your career to date must show evidence of a successful track record in senior financial management roles with a strong commercial orientation. Previous experience of PLC reporting requirements, fund raising and acquisitions is highly desirable. You will be fast on your feet, used to making sound business decisions and with a strength of character to influence your board colleagues.

Finally we seek an individual with the *ambition and drive that matches* the aspirations of the Board and who view this as an exciting and stimulating challenge with success reaping considerable financial rewards and recognition.

Interested candidates should forward a detailed curriculum vitae including details of present salary package and daytime telephone number to Mary Byrne at Stark Brooks Associates, 2nd Floor, St. James's Buildings, Oxford Street, Manchester, M1 6FQ. All applications will be treated in the strictest of confidence.

STARK BROOKS ASSOCIATES

Financial Recruitment Consultants • Manchester • Leeds

Group Financial Controller

West London **to £36,000 + car**

Our client is a Hotel, Restaurant and Public House chain requiring an energetic qualified accountant to take complete responsibility for the accounting and financial reporting of the group.

The successful applicant should have proven experience in the day to day control of computerised accounting systems, the preparation of management and financial accounts, project appraisals and cash planning, and the use of spreadsheet models.

Candidates who have the communication skills to represent the Group with financial institutions, and the business acumen to contribute to future policy will be preferred.

Applications with CV to:

Hacker Young
Chartered Accountants

Professional recruitment (Ref: JEE/F27)
Hacker Young
St Alphage House
2 Fore Street
London EC2Y 5DH

OVERSEAS MANAGER

Listed company has a challenging position for a dynamic senior Chartered Accountant, with at least 10 years experience in commerce, to take responsibility for the accounting and financial functions of their overseas marketing operations.

He will be based in Monaco, and a working knowledge of French would be disirable.

The position offers excellent career and salary prospects for the successful candidate.

Contact: Mr Alwyn A. Smith, 14 Av De Grande Bretagne, MC 98000 Monaco. Fax: (33) 93 25 [illegible]

Passed Finalists List

CIMA

The names given below are successful candidates in CIMA's Stage 4 (final) examination taken in May 1991. In the United Kingdom the pass rate was 49.2%. The pass rate for home and overseas students combined was 38.5%. The locations given are those of the exam centre where the candidates sat.

A

DT ABBOTT, Leeds. H ABDUL HAMID, London East, AS ABEYSINGHE, Colombo; GR ACQUAAH-ARHIN, London East; JN ADAMS, Slough; GM ADDICOTT, Kingston-upon-Thames; OB ADEBOWALE, London South. HK ADEDEJI, London West, AM ADENIYI, Reading. AB AKINYELE, London West; AR AL SALEH, Dubai, NJ ALCOCK, Newcastle, S ALDERMAN, Blackburn, C ALDRIDGE, Newcastle; BR ALLAN, Leicester, WM ALLAN, Aberdeen; NJ ALLAWAY, London Central, E ALLEN, Croydon, JE ALLEN, Watford; KP ALLEN, Southampton; SB ALLEN, Manchester; SJ ALLEN, Leeds. GJ ALMOND, Dunstable, GG AMER, Croydon, HNR AMERESEKERE, Colombo; MZ AMIT, Colombo, ID AMOYE, London East, S ANANDA NADARAJA, London Central, PJ ANDERSON, Northampton. KL ANDERTON, Manchester, C ANDRASSY, Wakefield; ICR ANDREW, Peterborough, LK ANDREW, Reading, JE ANDREWS, Stoke, A ANGELIDIS, London West. DM ANGILLEY, Southampton; CD ANNELY, Southampton; P ANSELL, Cambridge, CNS ANTHONY, Colombo, KN APPASAWMY, London East, E APPIAH DANQUAH, London East, AD ARAMBEWELA, Colombo; DT ARBUCKLE, Glasgow, CJ ARCHER-LOCK, Nottingham, JP ARGYLE, Coventry, FE ARIS, Edinburgh; P ARMSTRONG, Newcastle;TMA ARMSTRONG Croydon, JE ARNOTT, Watford; JH ARROWSMITH, Birmingham, RF ARTHUR, London Central, PA ARUL, Kuala Lumpur, AJ ASHBOLT, Worthy Down, I ASHLEY, Nottingham; MG ASHLEY, London North, RIF ASSINDER, Luton, Z ATAUN-FITZJOHN, Peterborough; M ATHERSMITH, Blackburn; JW ATKIN, Sheffield; EMP ATKINSON, Glasgow, RF AUSTIN, London West;

B

EAA BABAFEMI, Lagos; AP BACHE, Blackburn; JM BACON, Norwich, S BACON, Wigan, CE BAILIFF, Liverpool; CC BAKER, Cambridge, GH BAKER, Brighton (Hove); PT BAKER, Southampton, RCC BAKER, Reading; PR BAKRANIA, London Central, SFJ BALDWIN, Orpington; PL BALE, Reading, SR BANNISTER, Oxford; NR BARAKZAI, Croydon; RJ BARKER, Yeovil; DA BARNES, Derby, TJ BARNES, Leeds; R BARNES-HEATH, Watford, CEB BARNISH, Liverpool, S BARRETT, Watford, DH BARROW, Exeter, G BARROW, Sheffield, WA BARRY, London Central, MA BARTLETT, Cambridge, SM BARTON, York, PG BASCOMBE, Southampton; RJ BATEMAN, Coventry; P BATES, Winchester; DP BAXENDALE, Wigan, RF BEACH, Wolverhampton; MJ BEALE, Coventry; PD BEAUMONT, Reading, RA BEER, Reading, RE BEESLEY, Southampton; S BEHAN, Manchester; AM BELL, Leeds; GJ BELL, Newcastle, IR BELL, Belfast; ML BENFIELD, Southampton; GJ BENNETT, London West; GP BENSON, Manchester; MG BENSON, Manchester, J BERESFORD, York, C BERRY, Manchester, DF BERRY, Cheltenham; AR BEVAN, Nottingham, PKD BEVAN, Bristol; R BIE, Wigan; NT BILLING, Reading, DE BIRD, Southampton; R BIRKETT, Watford, SR BISHOP, Slough; JB BLAIR, Southampton, A BLAND, London South; JA BLANDFORD, Bristol, LJ BLEACH, Southampton, NFD BLOOMER, Derby; PA BLOWER, Slough, IA BOA, Edinburgh, AM BODE, Edinburgh; MD BODGER, Liverpool, MJ BOERE, London South, P BOHAN, London East; J BOLTON, Manchester, JI BOND, Leeds, RG BOND, Southampton, BONG SIU NAM, Kuching; ML BONNEY, Slough; LGC BOUGH, London East, CJ BOUGHTON, Cambridge; G BOYLE-THOMAS, London West, DP BRADBURY, Wolverhampton; BJ BRAGG, Newport, J BREDDY, Glasgow; MM BRENNAN, Stoke; A BRIDDEN, Stoke, AC BRODRIBB, Bristol; GPA BROHAN, Watford, A BROWN, Manchester, AP BROWN, Manchester, AR BROWN, Leeds; DLT BROWN, Maidstone; GA BROWN, London North; KM BROWN, Blackburn; PA BROWN, London East; SC BROWNING, Kingston-upon-Thames; NE BROWNLESS, Newcastle; M BRUCE, Aberdeen; KP BRYER, Coventry; D BUCKLEY, Manchester, MD BUCKLEY, Southampton; PD BUCKLEY, Dublin, JD BUDD, London Central, DB BUDDE, Leeds; D BUGLASS, Edinburgh; C BULLEMENT, Wakefield, PJC BULLOUGH, Liverpool, ML BURDEN, Bournemouth, J BURGELL, Birmingham; ME BURNS, Newcastle, B BUTLER, Wednesbury; JM BYRNE, Dublin; P BYRNE, Liverpool;

C

MA CADMAN, Manchester; BN CAFFOOR, Colombo, PC CAFOLLA, London Central; AW CALLAN, Edinburgh, IAM CAMERON, Glasgow, R CAMERON, London Central; SD CAMERON, Belfast, SE CAMERON, Slough; CA CAMPBELL, London Central, D CAMPBELL, Watford; DJ CAMPBELL, Cheltenham; EJS CAMPBELL, London West; HM CAMPBELL,York; P CAMPBELL, Middlesbrough, SM CANTWELL, London South; SH CAPSTICK, Coventry, LJ CARDWELL, Hamilton; AJ CARINE, Worthy Down, MR CARLIN, Slough; EB CARNEY, Dublin, B CAROLAN, Dublin; JM CARPENTER, Slough; NS CARPENTER, Worthy Down; CM CARR, London West; JP CARR, Peterborough; NR CARR, Birmingham; PB CARR, London Central, RM CARR, London South, SG CARR, Kingston-upon-Thames, AB CARROLL, Glasgow, JJ CARROLL, London West, C CARTER, London East, GM CARTER, Sheffield; JE CARTER, Maidstone, JJ CARTER, Manchester, PJ CARTER, Liverpool, MD CARY, London East; LM CASSERLY, London Central; PA CASSIDY, Slough, EM CASTLE, Manchester C CATIGNANI, Edinburgh, WS CATLEY, Maidstone; GS CATRON, Maidstone, RA CAVELIERI, Peterborough, TW CAWTHORNE, Yeovil, S CHADEE, London East, R CHAHALL, Coventry; CHAI CHIEW WAH, London North; CHAM YOON CHIN, Kuala Lumpur; I CHAMBERLAIN, Derby, CHAN GIM TIAN, Kuala Lumpur; CHAN KAM KWONG, Kuala Lumpur, CHAN PUI SHAN, Hong Kong, CHAN YAU CHOI, Hong Kong, AC CHANDLER, London Central, S CHANDRAMOHAN, London West,SR CHANDRASEKARAN, Dubai, AC CHANG, Leeds C CHANG, Leeds; CHANG YUT PING, Singapore, LM CHAPMAN, Slough; SM CHARLTON, Leeds; PA CHATFIELD, Birmingham, A CHAY TIEN LEONG, Kuala Lumpur; CHEAH WING FART, Kuala Lumpur, AJ CHEETHAM, Hull; CHENG LOI SAMMY, Toronto, CHEOK JUN ANN, Kuala Lumpur, CHEUNG TAK YEE, Hong Kong, DW CHIKAKA, London West; CHING KIAN HOE, Kuala Lumpur; V CHISULO, Lusaka; CHOE PENG WOON, Kuala Lumpur, CHONG CHEE SENG, Kuala Lumpur; CHONG YOKE LING, Kuala Lumpur; W CHOW KAM LUN, Hong Kong; CHOW TIAM HOCK, London West; KJ CHOWNE, Liverpool; DA CHUBB, London South; T CHUI YEE CHUN, Hong Kong; A CHUNG KWOK MAN, Hong Kong, JE CHURCH, Nottingham; BDV CLARK, Port Elizabeth; CC CLARK, Slough; EC CLARK, Dundee, P CLARK, Slough; MJ CLAVIN, Limerick, PM CLAYDON, Chelmsford; DL CLAYTON, Leeds, M CLEARY, Sheffield, MP CLEWER, London Central, A CLOUGH Newport; MJ CLOUGH, Worthy Down; PA COATES, Croydon; RP COBURN, Dublin, RJ COCKLIN, Cheltenham; CG COLDEN, Bristol, KF COLEBOURN, Swindon; BG COLLINS, London North; FM COLLINS, Swindon, PA COLLINS, Winchester, SJ COLMAN, Southampton; N COLTON, York, RA COMBER, Reading, JJ CONNEELY, Dublin, J CONROY, Cambridge, MK CONVERY, Belfast; AR COOK, Coventry, IW COOK, Newcastle, PRM COOK, Coventry; SJ COOKE, Croydon, DJ COOMBS, Stoke; JE COOPER, Manchester; PN COOPER, London East; RH COOPER, London West, SE COOPER, London South, GA CORCORAN, Athlone, S CORNICK, Southampton, CA CORRIGAN, Dublin, JFR COSGRAVE, Cork, MT COSTELLO, Waterford, MJ COTTERILL, Manchester, G COTTOM, Wigan, P COULES, London West; CJ COUPLAND, Slough, N COURTNEY, Limerick, G COUSINS, Nottingham; CF COWAN, Dublin, DF COWAN, Dublin; JA COWE, Edinburgh,PJ COWHIE, Dublin, MJ COWLEY, Sheffield, J COWPERTHWAITE, Newcastle, AP COX, Reading; SL COXON-HAYLES, London West, PJ CRAFFORD, Cape Town; J CRAIG, Belfast, TJ CRANMER, Chelmsford, A CRAWFORD, Watford, IV CRAWFORD, Orpington; MS CRAWFORD, London West, AV CROAD, Coventry; KL CROOK, Manchester, SR CROOK, Northampton, TM CROOK, Birmingham; FR CROOS MORAES, London Central, DC CROSS, Norwich, DL CROUCH, Leeds, GR CROUCH, Reading, JD CULLINANE, Dublin, D CURRAN, Oxford, EL CURRYER, Luton, FE CURTISS, Kingston-upon-Thames; T CUSACK, Manchester,

D

CV D'CRUZ, London Central, J DAKIN, Croydon, RM DALY, Kingston-upon-Thames, SC DALY, Dublin, DG DARLEY, York A DARNBROUGH, London Central; NEC DAVENPORT, Wednesbury; C DAVIDSON, Dundee, GM DAVIDSON, Cambridge, AC DAVIES, Wakefield, AK DAVIES, Cardiff; DJ DAVIES, Newport; JM DAVIES, London Central, JP DAVIES, Northampton; RJ DAVIES, Manchester, SY DAVIES, Cheltenham, EC DAVIS, London Central; M DAVISON, Newcastle, MJ DAWKINS, Maidstone; NJ DAWRANT, Exeter; FG DAWSON, Luton; WAA DE ALWIS, Colombo, GA DE CASTRO, Cape Town, JN DE CROOS, Colombo, CAS DE MEL, Singapore; GCA DE SILVA, Colombo; GW DE SILVA, Colombo, HA DE SILVA WIJEYERATNE, Colombo, PR DEAN, Newcastle, A DEER, Slough, WJ DEJAGER Watford; MG DELANEY, Dublin; MG DEMPSEY, Glasgow; SL DENHAM Slough; BD DENMAN, London East; WB DENNISON, Edinburgh; JK DESAI, Auckland; PS DEVAKUMAR, London East, CJ DICKSON, Leicester; DING YU LEE, Kuala Lumpur; NVE DISSANAYAKE, Colombo, F DIXON, London Central, DJ DOCKER, Birmingham, DK DOLAN, Northampton, DJ DONNELLY, Paris, FM DONNELLY, Glasgow, NP DOOLEY, Dublin, RS DORKA, Derby; NI DORMAN, Manchester; AD DOUGHERTY, Edinburgh; NA DOUGLAS, Manchester; BP DOWD, London West,L DOWELL, Birmingham; GP DOWLING, Slough; HJ DOWNES, Stoke, PW DOWSON, Newcastle; DOY LOY SAU KU, Kuala Lumpur, LA DRESSEKIE, London Central, S DREW, Luton, MA DUFFELL, Pitsea, HS DULAI, Birmingham; GJ DUNCAN, Aberdeen; TW DUNCAN, Leeds; PM DUNCOMBE, London West; A DUNLOP, Liverpool, MG DUNLOP, Belfast, B DUNNE, Nottingham; D DUNSFORD, Swindon, DR DURRANS, Kingston-upon-Thames, AM DUTSON, Watford; MJH DYER, Nottingham.

E

JA EAGLE, Manchester, SR EASTON, Derby, RS EATON, Wednesbury; B ECCLES, Wakefield; CT EDWARDS, Winchester, GM EDWARDS, Southampton; GR EDWARDS, Southampton; M EDWARDS, Stoke, PE EDWARDS, London South; TJS EDWARDS, Leicester, G EGNER, Wakefield; NK EKELEME, Enugu, MT ELDER, Southampton, GM ELLINOR, Pitsea; DJ ELLIOTT, Northampton; GF ELLIOTT, Luton, IH ELLISON, Coventry, PW ELRICK, Bristol, CP ELS, Pretoria, JR ELVIDGE, York, PH ELVEY, Manchester, FS EMMANUEL, Watford; CJ ENGLAND, London West, CM ESSON, Glasgow; SV ESWAR, Singapore; SD EVANS, Pitsea, JC EVISON, Cologne; AP EYRES, London Central;

F

A FABRAY, Luton, GMG FADE, Aberdeen, EB FAGON, Kingston-upon-Thames, MD FALCONER, Dundee; AJ FALGATE, Norwich, DS FALLON, Dublin, RR FARNWORTH, Newcastle, S FAWSSETT, Slough: AG FEARN, Bristol, SB FENBY, Leeds; D FENDER, Manchester, PJ FENNELL, Dublin; IC FENTON, Sheffield; TT FERNANDEZ, Slough; KWS FERNANDO, Colombo; LAI FERNANDO, Colombo; NS FERNANDO, Colombo, R FERNANDO, Slough, WNR FERNANDO, Colombo; CP FIELDS, Kingston-upon-Thames, DJ FINLAY, Watford; DS FIRTH, Middlesbrough, NJ FISH, Wakefield, A FISHER, Aberdeen, M FISHER, Edinburgh; EA FITZMAURICE, Waterford; CM FLANAGAN, Dublin; K FLANAGAN, Athlone, SA FLANAGAN, London Central; S FLINTOFF, Cambridge, LJ FLYNN, Birmingham, DJ FOGGIN, Worthy Down, PCJ FOINETTE, Glasgow, MA FOLEY, Swindon, SS FOO SIANG SENG, Singapore, AE FORDE, Cork, LJ FORDHAM, Dunstable, GCM FORKIN, Dublin; CPS FORRESTER, Dundee, PJ FORSTER, Sheffield, MJ FOSTER Birmingham; TA FOWLER, Luton; MP FOX, London Central, WC FRANCIS, Swansea, V FREESTONE, London East; DM FRENGLEY, London Central, JL FREWIN, Southampton; CA FROST, Bristol, GM FROST, Manchester; MJ FROST, Manchester, MM FUAD, Colombo, S FULLALOVE, Liverpool, IR FULLER, Kingston-upon-Thames; CR FUNG Leicester, FUNG CHI HUNG, Hong Kong,

G

IM GABRIEL, Cambridge, J GABRIEL, Croydon, GHG GAGE, Cheltenham, SJ GALE, Southampton; JP GALLAGHER, Athlone; TP GALLAGHER, Northampton; DM GALVIN, Dublin; A GAMI, London Central; RS GARACH, Amsterdam; SP GARRETT, Croydon, NJ GATES, Watford, GS GATI, London East, A GAVIGAN, London West; PM GAYNOR, Dublin, AG GEAR, Bournemouth; C GEOGHEGAN, London North, MJ GERAGHTY, London Central; P GERRARD, Southampton, AS GESCHKE, Nottingham, GHAN LAI CHIN, Kuala Lumpur, AM GIBBS, Newport, SV GIBBS, Nottingham; CA GIBLIN, London West, N GIBSON, Edinburgh, JE GIDDINGS, Croydon, CM GILCHRIST, Belfast; AS GILES, Brighton (Hove), JB GILL, Watford; JK GILL, Birmingham, KJ GILLAM, Manchester; MP GILMORE, Manchester; RS GLADMAN, Leeds, SM GLASSPOOL, Slough, A GLENTON, Middlesbrough; EC GLINIECKI, London Central, SK GODWIN, Worthy Down, KL GOODFELLOW, Worthy Down, AD GOODMAN, Derby, AW GOODWIN, Stoke, GOOI POH SUAN, Kuala Lumpur; LM GORDON, Aberdeen; T GORDON, Leeds, GJ GOUGH, Cambridge, JM GOUGH-COOPER, London Central, MA GOULDTHORPE, Middlesbrough, CI GOURLAY, London Central, JAW GRACE, Stoke, S GRAHAME, Edinburgh, JG GRANT, Edinburgh; KC GRANT, London East; R GRANT, London East, DJ GRAY Bristol P GRAY, Croydon; F GREEN, Hamilton, TC GREEN, Brighton (Hove), M GREENE, London West, N GRESHAM Swindon, TJ GREW, Cambridge; DJ GRIFFIN, Luton, C GRIFFITHS, Manchester, LJ GRIFFITHS, Manchester, GM GROSE, Oxford, SM GRUNDY, Liverpool, SC GUESFORD, Northampton, BK GUILD, Maidstone, GR GURNEY, Liverpool,

H

BA HACKETT, London Central; JR HAGUE, Sheffield; B HAIGH, Aberdeen, DM HALE, Nottingham; CR HALL, Luton, GP HALL, Newcastle, JJ HALL, Dublin, LS HALL, Slough, MRH HALL, London Central; AE HALLETT, Taunton; DCJ HALLEWELL, Birmingham; SB HALLIWELL, Liverpool; TM HALSTEAD, London West; EM HAMAKOWA, Athens; JA HAMID, Manchester; DS HAMILTON, Belfast; P HAMILTON, Winchester; PJ HAMMOND, London North; LA HAMSHAW, Croydon; CC HANCOCK, Watford; JJ HANNAFIN, Dublin, JK HANSEN, Luton, PA HANSFORD, Bristol; IW HANWELL, Norwich; NR HANWORTH, Leeds; PJ HARBORNE, Manchester, AJM HARDIE, London West; DM HARDY, Wednesbury; SA HARGROVE, London Central, DI HARRIES, Cardiff; DR HARRIS, Derby, LJ HARRIS, London Central; M HARRIS, Swindon; MJ HARRIS, Birmingham; NF HARRIS, Sheffield, RA HARRIS, Leeds, RP HARRIS, Southampton, NC HARRISON, Stoke; JE HARROP, Croydon, LA HART, Wigan; AR HARTLEY, Brighton (Hove), JA HARVEY, Southampton; JR HARVEY, Slough; SL HARVEY, Watford; CG HARVIE, Luton; S HASSAN, London East, J HAUGHTON, Manchester; LT HAWKINS, Southampton; PC HAWLEY, Bristol; D HAYNES, Southampton, C HAYWARD, Manchester; S HAZLITT, Manchester, PM HEADE, Dublin, NM HEALE, Johannesburg; MS HEANEY, Swindon; TB HEASMAN, Bristol, RF HEATH, Watford; SA HEGDE, Bahrain, PJ HELLMUTH, Slough, ANA HENDERSON, Newcastle; NF HENFREY, Slough; CA HENNESSY, Dublin; EM HEPWORTH, Blackburn; SA HERNIMAN, Worthy Down, HEW LING SHANG, Kuala Lumpur; MJ HEY, Leeds, R HEZEL, Preston, DB HIDSON, Derby; HIEW SUIT FONG, Singapore; M HIGGINS, London East, AD HILL, Watford; GR HILL, Maidstone; JC HILL, Nottingham, ME HILL, Maidstone; SE HILLIARD, London East; W HILLIER, Bournemouth; MS HILTON, Manchester, KE HINCHLEY, Derby; IA HINDLE, London North, D HINDLEY, Manchester; AJ HINKLEY, Manchester, G HLAVATY, Croydon; CL HO, Slough, HO CHEE MENG, Kuala Lumpur; I HO KWOK WAI, Hong Kong, HO MAY YING, Johannesburg, BL HOBSON, Leeds; CA HOBSON, Middlesbrough; L HODGENS, London Central; M HODGETTS, Swindon; SW HODGKISS, Wednesbury; A HODGSON, Grimsby, C HOEY, Dublin; D HOFFMAN, Hull; A HOLBROOK, Birmingham; NR HOLDEN, London Central, J HOLDSWORTH, Slough; LA HOLLAND, Manchester, SJ HOLLAND, Manchester; MS HOLLINGER, London Central; AL HOLLOW, Maidstone, DA HOLMES, Sheffield, TW HOMEWOOD, London Central, GW HOOPER, Luton; MJ HOPKINS, London West; JM HOPKINSON, Manchester; SM HOPPER, Hull; CL HORTON, Swindon; RS HORTON, Kingston-upon-Thames, SM HOUGHTON, Wigan; SE HOUSEGO, Luton; Z HOVE, Harare; S HOWARD, Liverpool, EA HOWE, London West; MG HOWE, York; DJ HOWES, Dunstable; AL HUBBARD, Leeds; SM HUBBARD, Wednesbury; JS HUDSON, Leeds; AJC HUGHES, Leicester; SP HUGHES, London Central; W HUI TAT YAN, Singapore; DK HULANGAMUWA, Colombo; ST HUMPHREY, Brighton (Hove); JA HUNT, Deeside (North Wales); AG HUNTER, Brighton (Hove); CD HUNTER, Southampton; KD HUNTER, Orpington; MH HURLEY, London Central; ND HURRELL, Southampton, R HUSSEY, Southampton, JC HUTCHESON, Edinburgh; GA HYDE, Derby;

I

AP IBBOTSON, Blackburn; RW INCE, Liverpool; AJ INGLIS, Edinburgh, KET IRVINE, Glasgow; JP IRWIN, Blackburn; MG IVES, Bristol; EC IZENEGU, London South.

J

CN JACKSON, Manchester; P JACKSON, Liverpool; RN JAGGERS, Wednesbury; AL JARVIS, Cardiff; SP JARVIS, Derby, GKM JAYASINGHE, Colombo; DT JEACOCK, Worthy Down; CD JEFFERIES, Leeds, PF JEFFREY, Watford; DB JENKINS, London North; RW JENKINSON, Nottingham, S JENNAWAY, Slough; NA JENNER, Brighton (Hove). SL JENNER, Worthy Down; J JEYASINGAM, Kuala Lumpur; SK JEYASOTHY, London East, IC JOHANNESSEN, Liverpool; AR JOHN, London East, JA JOHNSON, Luton, MA JOHNSON, Blackburn; RG JOHNSON, Southampton; CM JOHNSON, Watford; PA JOHNSON, Manchester; AG JOHNSTONE, Worthy Down; SG JOHNSTONE, Kingston-upon-Thames; AMJ JOLLIFFE, London West, C JONES, Leeds; DJ JONES, Cheltenham; DS JONES, Brighton (Hove), E JONES, Swansea, EM JONES, London West; IR JONES, Coventry; JI JONES, Liverpool, M JONES, London West; MN JONES, Manchester, NK JONES, Kingston-upon-Thames; TE JONES, Derby, TN JONES, Worthy Down; JC JORDAN, London East, A JOSEY, Slough, DJ JOYCE, Dublin; DJ JUSTUS, Cape Town;

K

A KADIRKAMANATHAN, Colombo, K KALIWILE, London East, KAM RUOH PENG, Singapore; KAM WAI KUEN, Hong Kong, KANG HUI YING, Kuala Lumpur; KANG SIEW HIANG, Kuala Lumpur, HSR KARIYAWASAN, Colombo; SR KARUNANAYAKE, Dubai, MH KASHER, Leeds; A KATITI, London West; PR KAY, Manchester, MM KAZIOW, Cambridge, AJ KEAN, Glasgow, MT KEANE, London Central, N KEARINS, Dublin; JP KECK, Manchester; KEE POH GAIN, Kuala Lumpur; WA KEILLOR, London South, JM KELLEHER, Reading, AW KELLY, London Central; CJ KELLY, Stoke, KJ KELLY, Cork, MJ KELLY, Slough; JH KEMP, Edinburgh, DJ KEMPSTER, Maidstone; B KENNEDY, Manchester; PF KENNEDY, London Central S KENNY, Edinburgh; IS KENTH, Slough, B KEOGH, Dublin; RD KERR, Slough, M KESAVAN, London Central, AM KEY, Nottingham; MR KHILJI, London North; KHOO SING BOON, Kuala Lumpur, R KIDALS, Grimsby, SN KILINDA, Nairobi, DJ KING, Dublin; CE KINGTON, Southampton; CN KNIVETON, Douglas; SW KNOBBS, Stoke, KON PIK SIA, Kuala Lumpur; KOW KOON WOON, Kuala Lumpur; LB KRIEL, London Central, R KRISHNAN, Dubai; R KUMAR, Kuala Lumpur, N KUMARESAN, Colombo; N KWAFFO, Accra, KWANG YOON YAW, Kuala Lumpur; KWOK CHEE SEONG, Kuala Lumpur.

L

SS LACDUWAHETTY, Colombo; R LAIRD, Glasgow; R LAIRD, Sligo; LAM PAU WAN, Kuala Lumpur, LAM WING CHI, Hong Kong, AJ LAMB, Nottingham; GW LAMBERT, Worthy Down, AA LANCELEY, Worthy Down, JS LANDA Nottingham; DA LANE, Pitsea; JA LANE, London North, D LANG, Taunton; RK LANGSLOW, Derby, U LANZ, Johannesburg; TFO LARKIN, London East; MFA LATIB, Cardiff; LAU YEN NEE, Kuala Lumpur; ID LAU-KEE, Slough, JTG LAURENCE, Leicester, SJ LAURIE, Glasgow; NC LAVENDER, Southampton; JP LAVIN, Manchester; LAW KWOK LEUNG, Hong Kong; AR LAWRANCE, London East AJA LAWRENCE, London South; CC LAWRENCE, Chelmsford; JE LAWRENCE, London Central, D LAYCOCK, Wakefield; MS LEA, Croydon; CW LEACY, Dublin DR LEAH, Maidstone; HK LEDERER, London Central, CR LEE, Manchester, LEE BENG HOCK, London Central, LEE CHEE MING, London Central; D LEE CHI KWONG, Hong Kong, LEE FUNG MING, Hong Kong, LEE HAI PENG, Penang; LEE HING HOOK, Singapore; LEE KHENG TEK, Kuala Lumpur; LEE KOK TOONG, Southampton; LEE SENG ANN, Kuala Lumpur; JN LEMPRIERE, Northampton; K LEONARD, Middlesbrough; MD LEONARD, Birmingham; P LEONARD, Liverpool; F LEUNG KWOK KEUNG, Hong Kong; K LEVY, Manchester; GC LEWIS, Orpington; WT LEWIS, Cardiff; MSZ LI, Reading; LI TUNG SHING, Hong Kong; LIEW CHOY HONG, Kuala Lumpur; LIEW LAI FONG, Kuala Lumpur; DG LIGHTLEY, Cambridge; CKN LIKWETEIT, Watford; RPY LIM, Luton; LIM BAN HUAT, Singapore; LIM HOOI HOON, Kuala Lumpur; LIM POH CHIN, Kuala Lumpur; LIM SIEW LIANG, Singapore; LIM SIEW LING, Singapore; PA LIMMER, London West; VA LINDSAY, London East; VT LISLE, Wakefield; MJJ LITTLE, Wednesbury; MR LITTLE, Nottingham; LO VUI POH, Kuala Lumpur; MJJ LOBO, London South; RG LOCKWOOD, Watford; JP LODGE, Birmingham; G LOFTS, Southampton; LOU CUTAN TOING, Kuala Lumpur; LOU SOOK FERN, Penang; ML LONG, Pitsea; NCE LONSDALE, London South; E LOONG FONG CHIN, Kuala Lumpur; J LOUIS, London Central; PR LOUW, Johannesburg; IA LOVELOCK, Winchester; LOW SWOO ENG, Kuala Lumpur; GW LOWNDES, Stoke; AC LUBY, Dublin; LK LUCKCUCK, London Central; MW LUDLAM, Aberdeen; NA LUMB, Glasgow; SR LUNNON, Worthy Down; MN LYNAS, Wakefield; KG LYNCH, Dublin; MR LYSAGHT, Winchester;

M

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FINANCIAL TIMES
COMPANIES & MARKETS

Friday September 6 1991

INSIDE

Uranium producers face military glut

Hard-hit uranium producers now face the threat of a market glut, as military stockpiles – equivalent to 250,000 tonnes of natural uranium – may be dumped on the world market, according to a study published yesterday by the Uranium Institute. **Page 26**

Cookson profits fall 76%

Cookson, the UK industrial materials group, has reported a 76.2 per cent fall in pre-tax profits to £17m ($28.7m) for the six months to June to 1991. Robert Malpas, chairman, (left) described the decline as "unsatisfactory". A series of disposals more than halved last year's debt to £246.7m. **Page 24**

Epic performance at MGM

As complex as any Hollywood thriller, the legal battle for control of MGM has revealed a web of broken promises and undocumented loans. *Karen Zagor looks behind the scenes of one of the most intriguing performances this year in the US.* **Page 19**

Tonic for French shares

Recent reforms proposed by the French government for an overhaul of the pharmaceutical industry have provided a tonic to drug shares on the Paris bourse. At the heart of the reforms is the desire to improve the international competitiveness of the sector. **Back Page**

Looking after the margin

Margin trading in Japan, which accounts for 19 per cent of turnover and almost half of all trading by individual investors, has several unique features. One of these is the hybrid company, Japan Securities Finance, which plays a key role in the running of the market. Emiko Terazono reports. **Page 22**

Burmah Castrol down to £72m

Burmah Castrol, the UK lubricants, chemicals and fuels group, saw first-half pre-tax profits hit by the Gulf crisis, adverse currency movements and the cost of financing a £259m acquisition. Profits slipped 9 per cent to £72.2m ($121m). **Page 25**

Rise for Courtaulds Textiles

A cut in interest charges helped Courtaulds Textiles produce a moderate increase in interim pre-tax profits despite a 10 per cent decline in operating profit. Martin Taylor, chief executive, (left) said trading conditions were "the most difficult for a decade". Profits improved to £16.6m ($28m). **Page 23**

Sharp decline at BTR Nylex

BTR Nylex, the 62 per cent subsidiary of BTR in the UK, reported a sharp decline in earnings for the six months to June 30. Profits dropped 41 per cent to A$151m (US$118.80m) **Page 19**

Good times for Malaysian cocoa

The slump in world cocoa prices has brought good news for Malaysian producers. **Page 26**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Colonia Konz	910	+	30
Bregerwerk	324	+	9
Hertz	410	+	10
Falls			
DLW	534	–	17
Vereins-West	347	–	10
Zanders Fein	295	–	9

NEW YORK ($)

Rises			
Browning Fer.	21⅛	+	⅝
Citicorp	45	+	4½
Xerox	15¾	+	¼
Falls			
Borden	33½	–	2¼
IBP	16½	–	2½
Occidental	24⅜	–	½

New York prices as at 12.30pm.

PARIS (FFr)

Rises			
Bouygues	570	+	11
CGIP	1125	+	25
Merlin-Gerin	544	+	16
Total B	894	+	48
Falls			
Gaumont	780	–	10
Schneider	748	–	16

TOKYO (Yen)

Rises			
Lion	724	+	74
Penta-Ocean	795	+	66
Rohm	2880	+	280
Sanden	675	+	55
Tokyo Electric	890	+	55
Toyo Chemical	604	+	65

LONDON (Pence)

Rises				Matthew Clark	425	+	20
ACT	131	+	7	Microfilm	185	+	12
Japan Comp	130	+	7	Ransomes	45	+	5
Austin Reed A	171	+	6	Specialeyes	36	+	5
Beazer	94	+	11	Vardy (Reg)	118	+	10
Black Arrow	33	+	8	Vaux	240	+	11
BR Airways	190	+	9	Welsh Water	394	+	13
Burton	48¾	+	2⅞	Wickes	70	+	6
Chris Hyslop	178	+	8	Wimpey (G)	187	+	9
Emess	31	+	7	**Falls**			
Etam	212	+	14				
Excalibur	54	+	5	BOC Group	597	–	12
Glaxo	1385	+	20	Electrocompnts	279	–	9
Hambro Clade	50	+	4½				

BTR's accounting upsets analysts

By Andrew Bolger in London

BTR, the UK industrial conglomerate, infuriated City of London analysts yesterday by changing its accounting policy to produce higher than expected profits.

The reported pre-tax profits of £512m ($865.3m) in the six months to June 30 were well above most forecasts. However, BTR included in the figure a gain of £90m from the recent disposal of its Pretty Polly hosiery business.

Mr Alan Jackson, BTR's new chief executive, said the company had decided to show the results of disposals in a new segment of trading profits called corporate activities.

This reflected the group's stated intention to become a more active trader of assets and was also in line with proposed new accountancy standards.

By taking the profit from Pretty Polly above the line, BTR showed a 1.2 per cent increase on last year's interim profits, adjusted for currency movements.

However, when the impact of the disposal is stripped out, the pre-tax figure falls by 11.2 per cent.

Analysts contended that BTR had jumped the gun by using the new approach, which is still under discussion and is not expected to take effect until next Easter, according to the Accounting Standards Board.

The board aims to solve the debate over whether individual gains or losses should be treated as exceptional or extraordinary – and thus be treated above or below the line – by putting nearly all transactions through the profit and loss account.

Analysts also criticised the fact that BTR booked profits to the first half from the Pretty Polly disposal, which it only announced on August 12.

One analyst said: "If it was concluded in June, why didn't they announce it then?"

Ms Kathleen O'Donovan, BTR's recently appointed finance director, said the deal was signed in June, and the announcement was delayed at the request of the purchaser, Sara Lee of the US.

BTR shares rose 9p to 438p when the figures were first announced, but fell back quickly and closed at 424p, down 5p on the day.

Apart from the row over accountancy policy, the results were well received. Turnover dropped from £3.32bn to £3.29bn, adjusting for exchange rate movements, but earnings per share rose from 16.7p to to 17.4p. The interim dividend was lifted from 7p to 7.5p.

Lex, Page 16;
Nylex falls 41%, Page 19

French defence producers are growing increasingly co-operative, reports **William Dawkins**

Missiles that wipe out old rivalry

Until recently, the French defence industry used to pride itself on at least giving the impression that competition between its producers was encouraged.

Just how much the decline in world demand for defence equipment has cooled that old bravado was underlined yesterday when Thomson-CSF, the state-controlled defence electronics group headed by Mr Alain Gomez, announced that it was to turn over US-based production of its latest missile to Euromissile, the 20-year-old consortium of Aérospatiale, also state-owned, and MBB, the German missile group.

This could well be the prelude to wider co-operation on other weapons. "For the future, we are not closed minded," said Mr Noël Clavelloux, director of Thomson's missiles systems branch. Future co-operation would be decided step by step when market opportunities arose.

The missile at the centre of yesterday's accord is the VT1, a short-range weapon capable of travelling 10km at 3.5 times the speed of sound, the fastest in its class.

The VT1 can be used by the launchers in Thomson's Crotale anti-aircraft system and will be modified for Euromissile's Roland system, thereby offering a cheap update with the same weapon for these formerly fierce competitors.

"Aérospatiale will avoid the high cost of developing a new missile and Thomson-CSF will have a broader market in which to amortise the development cost of the VT1," said Thomson. "This co-operation will reduce competition between the members," and hence cut costs, added Mr Jean-Louis Fache, director of Aérospatiale's tactical missiles division.

Between them, Thomson and Euromissile hope to make 60 per cent of the short-range ground-to-air missiles sold outside the Soviet Union.

Around 25,000 old-style Rolands and 6,000 Crotales are in service, mainly with the German and French military, with an estimated replacement value of FFr30bn ($5bn), according to Mr Fache.

Bolt from the blue: Alain Gomez is to entrust Thomson-CSF's VT1 missile to a European consortium

Not long ago, the Euromissile partners and Thomson-CSF had very different plans. Just over a year ago, Aérospatiale and MBB embarked on a FFr1bn programme to produce a new Roland, code-named RM-5, with Matra, the French space, telecommunications and transport group.

At the same time, Thomson was planning to pool its entire missiles business with British Aerospace, to create Eurodynamics, which would have been Europe's leading producer.

Six months ago, Thomson pulled out of its British Aerospace deal saying the market had become too uncertain to embark on such an ambitious joint venture. In July, the Euromissile partners drew in their horns by shelving indefinitely the RM-5.

Eurodynamics was a seductive idea at the time, said Mr Clavelloux, but there is now far more demand for retrofits of existing missile systems than for completely new weapons.

Matra also makes the missile bodies for the early generations of Crotales which carry Thomson electronics. The company earns 25 per cent of turnover from defence, mainly from three big missile programmes but it began to lose its involvement in the new Crotale five years ago, when Thomson turned to the missiles and electronics division of LTV, the ailing US steelmaker, to make the VT1 for the new-generation Crotale, the first orders for which are now being shipped.

Matra has also been cut out of Roland's future. Admittedly, it had spent less than FFr20m on the RM-5 project, and does work on other products with Thomson and Euromissile.

Yet Matra is also facing increasing competition in another important area of its business, the Espace family vehicle, which accounted for 14.6 per cent of group sales last year.

Stockbroking analysts believe Matra will now be under pressure to limit itself to a smaller market, making air-to-air missiles, though the company strongly denies this.

It is equally bad news for LTV, which has just shipped its first and last 1,000 VT1 missiles for Thomson, and will now see production shifted to Euromissile's four French and German sites from next year.

While LTV will no doubt shed a tear, it cannot be surprised, as a possible shift of production to Europe was foreshadowed in the original contract, says Thomson.

Reckitt purchase adds to profits

By Jane Fuller in London

TAXABLE profit at Reckitt & Colman, the UK-based household products and food group, rose 13 per cent to £127.6m ($215.6m) in the first half of the year, thanks to a North American acquisition.

Reckitt bought Boyle Midway, a household products and toiletries business, for £713m halfway through last year. Sir Michael Colman, chairman, said it added about £200m to sales, which totalled £994.1m (£843.5m), and accounted for most of the £34m growth in trading profit to £147.5m.

However, the acquisition also lay behind £19.8m (£320,000) of interest costs, and a further after-tax charge of £6.4m (£770,000) on convertible capital bonds issued to help finance the deal.

Sir Michael said the reduction of debt from about £360m in December had been delayed by dollar appreciation and extra spending on reorganisation. Exchange rate movements had reduced trading profit by £7m.

He pointed to improvements in the profit margin, particularly in continental Europe and North America, saying "this is fundamental to boost cash generation to justify the acquisition". However, conditions remained difficult in the group's main international markets.

Mr John St Lawrence, who retires as chief executive at the end of this year, said that flat sales of £180m in the UK followed a business disposal. Trading profit of £31.3m (£25m) was helped by a £3.2m pensions gain.

On the continent sales rose to £272.8m (£221.3m) and profit jumped by 45 per cent to £44m.

In North America, profit more than doubled to £25m (£11.9m) on sales of £292.7m (£191.9m). With the integration of Boyle nearly complete, Reckitt was turning its attention to exploiting brands and bringing out new products.

Profits improved in Australasia and Africa, but fell back in Latin America.

After the Boyle acquisition, household products accounted for 70 per cent of trading profit, compared with 59 per cent.

Food, a lower margin business, had a flat first half, affected by a disposal, the strengthening dollar and slow soft drink sales in the UK. Pharmaceuticals benefited from rationalisation.

Fully diluted earnings per share rose by 6.4 per cent to 20.22p (19p).

The interim dividend goes up to 5.55p (4.9p).

Lex, Page 16; Observer, Page 14

Strong US result lifts Ahold to 10% growth in quarter

By Ronald van de Krol in Amsterdam

AHOLD, the Dutch supermarket group which also operates four large grocery chains in the eastern US, yesterday reported a 10.2 per cent increase in second-quarter profit, as strong growth in the US outstripped a more modest gain at home.

Net profit in the second quarter rose to Fl 64.4m ($33m) from Fl 58.5m in the same period of 1990, raising first-half results to Fl 140.8m from Fl 126.3m, a gain of 11.5 per cent.

The figures were at the upper end of analysts' expectations, and Ahold's shares rose 3.3 per cent to close up Fl 2.60 at Fl 82.50.

Ahold said that operating profit in the US surged by 64 per cent to $41.2m, thanks mainly to the first-time consolidation of the recently acquired Tops Markets supermarket chain in New York state.

In the Netherlands, operating profit showed a slight 1.8 per cent rise to Fl 39.4m. The company said that domestic profit growth had been held back by wage rises as well as by the disappointing performance of its institutional food supply division which is undergoing restructuring.

Although operating profit was *up 40 per cent overall, a rise in* interest charges connected to the Tops acquisition limited growth in net profit to 10 per cent.

Ahold's dual-currency interim dividend has been set at Fl 0.30 and $0.10, a slight rise from the Fl 0.30 and $0.075 payout at the end of the 1990 first half.

Second-quarter sales in the Netherlands increased by 7.6 per cent to Fl 2.4bn, while US sales jumped by 37 per cent to $1.4bn due to the Tops takeover. Excluding Tops, the rise in US sales was just under 7 per cent.

Ahold's three other US chains – BI-LO, Giant, and First National – all posted sales increases, but growth was hampered by the US recession, the *company said. It repeated earlier* forecasts that after-tax results would show a rise in the full year for 1991 compared with 1990, in spite of the increase in interest charges prompted by its most recent US acquisition.

New discoveries in Walker probe

By Robert Peston in London

THE DISCOVERY of a second allegedly forged letter and a dispute over more than £5m ($8.5m) in commission payments lay behind the decision by Brent Walker's directors to ask the Serious Fraud Office to investigate the group.

The Serious Fraud Office is examining payments of between £5m and £6m in 1989. Brent Walker's records say these were to Mr Michael Eland, a Paris-based property dealer.

Brent Walker found a letter, apparently signed by Mr Eland, which was in effect an invoice for more than £5m in commissions. Last month, Brent Walker's directors led by Lord Kindersley, who became chairman in January, confronted Mr Eland with this letter. He disowned it. He agreed the signature was his, but said he had not written the letter and not received the payments.

Investigations by the company's auditor, Peat Marwick, found the commissions appear to have been transferred to one of Brent Walker's offshore subsidiaries and then through a network of subsidiaries.

There was no evidence the payment had been made to Mr Eland.

Lord Kindersley and his new executives were puzzled by the payments because they were much bigger than other commissions paid to Mr Eland. The payments also seemed large compared with the service Mr Eland appeared to have provided. One payment for almost £3m was described in company documents as a commission for arranging a £5m investment in US property.

Mr George Walker was chairman and chief executive of Brent Walker when the payments were made.

He said yesterday he did not remember Mr Eland's letter but added that a lump sum was paid to Mr Eland to cover several pieces of business introduced by Mr Eland to the company.

Mr Walker added this payment was approved at a full board meeting.

Last month as the company was confronted with the mystery of these commission payments, it also received reports from two forensic experts that another letter, apparently signed by the Irish property entrepreneur, Mr Robin Power, had been forged.

INTERNATIONAL COMPANIES AND FINANCE

Oerlikon-Bührle in SFr200m loss

By William Dullforce in Geneva

OERLIKON-BUHRLE, the Swiss industrial and armaments group which has been the object of a radical restructuring over the past year, yesterday disclosed a first-half operating loss of around SFr200m ($131m).

In 1990, the group reported an operating loss of SFr91m, while the parent company, hit by restructuring costs, posted a net loss of SFr254m.

All the activities of the industries division are to be sold off or shut down by the end of year and the military division will be further shrunk. Some 980 jobs will be lost in Switzerland by the end of 1992; in the first half, group personnel was reduced by 1,900.

Mr Hans Widmer, chairman, said that with sales expected to be SFr800m higher in the second half from the invoicing of some large military contracts and with restructuring measures starting to take effect, the operating result would certainly not be worse by the end of the year and could show some improvement. But restructuring costs would still have to be taken into account.

During the first half, turnover of SFr1.6bn was 12 per cent down while for the subsidiaries remaining after the recent disposals of the welding and insurance companies incoming orders at SFr1.4bn were 22 per cent lower than in the first six months of 1990.

Oerlikon-Bührle's biggest problem is that it has failed to find a buyer for its military division which has generated SFr1.2bn in restructuring costs to date in addition to an investment of some SFr1bn in a guided missile system, Adats, which has been sold to only one customer.

Nevertheless, Mr Widmer said, restructuring to date had broken the vicious circle of lower cash flow and increasing net debt, although improvements at the operational level were not yet enough to ensure a profitable future.

Group turnover would be reduced to around SFr3.5bn compared with the SFr4.5bn at which it had remained stuck since 1986. Cash flow had to be increased from an expected SFr70m in the current year to SFr300m.

Even with that increase, net indebtedness could be reduced only slightly from its current SFr2.3bn by 1994, due to continuing commitments to large-scale military projects. These projects would no longer affect the operating result after 1991 but would continue to put a strain on liquidity.

Sun Alliance to lift mortgage premiums

By Richard Lapper in London

SUN ALLIANCE, the UK's biggest composite (general and life) insurer, yesterday announced that it would increase mortgage indemnity insurance premiums by 50 per cent in October.

The group made the announcement as it posted pre-tax losses of £114m ($192.6m) for the first six months of 1991.

Sun Alliance is the latest of the UK insurers to report heavy losses for the period. All have been battered by weather and recession-related claims at a time when premium rates have remained competitive.

Sun Alliance is the leading UK underwriter of domestic mortgage indemnity policies – which insure lenders against any losses they might incur on sales of repossessed properties. With the number of repossessions rising as a result of mortgage defaults, Sun Alliance registered underwriting losses of £50m in the first half of 1991.

In the next six months, the company expects a further £50m in mortgage indemnity losses. Annual premium income amounts to approximately £50m.

The provisions indicate that Sun Alliance has taken a more optimistic stance on trends in mortgage indemnity claims than Eagle Star, the BAT subsidiary. Eagle Star has a smaller market share than Sun Alliance but made losses of £121m in the first half of 1991.

Mr Scott Nelson, general manager of finance at Sun Alliance, said that he judged the provision to be adequate.

Irrespective of differing estimates of the losses, other UK insurers in the sector seem certain to follow Sun Alliance's example with rate increases.

The mortgage indemnity loss contributed to Sun Alliance's recording pre-tax losses of £114m, which was the same as in the first six months of 1990. However, last year's results were adversely affected by the storm losses during the winter of 1990, indicating that there has been a deterioration in underwriting experience this year.

A sharp climb in claims from subsidence damage to residential houses to £61m – following two dry summers – and a 50 per cent increase in theft costs helped push UK underwriting losses to £243.4m against £263m.

Overall worldwide non-life premium income increased by 6.5 per cent to £1.43bn with life premiums contributing a further £44.7m (£411.8m) in revenue. Underwriting losses worldwide amounted to £305.2m (£314.9m), but were offset by life profits of £25.9m (£23.6m) and investment income of £165.2m (£172.3m).

The company, which is still financially the strongest in the UK, said that the strength of its balance sheet coupled with expected rises in insurance rates enabled a 5 per cent increase in the interim dividend from 5.00p to 5.25p.

Recession sends Blue Circle down 38% to £57.5m

By Andrew Taylor, Construction Correspondent, in London

THE severe recession in UK and US construction markets sent pre-tax profits of Blue Circle, one of the world's biggest cement manufacturers, tumbling 38 per cent to £57.5m ($97.4m) during the first six months of this year.

Turnover fell to £530.8m from £656.4m as demand from the building industry continued to decline.

Mr Jim McColgan, chief executive, said cement sales in Britain during the first half fell 16 per cent as the effects of the recession in the construction industry widened.

Cement and concrete sales by Blue Circle subsidiaries in the US fell about 12 per cent after taking into account new acquisitions. Sales were down by more than 20 per cent in some states, said Mr McColgan.

Blue Circle produces just under half of all cement sold in Britain.

The company recently diversified into household products in the UK where it manufactures boilers, bathroom and kitchen products. Last year, it acquired Ceramica Dolomite, the Italian sanitaryware manufacturer.

UK cement profits during the first half fell by 45 per cent to £20.4m from £37.2m. UK property development profits fell more sharply from £6.6m to £500,000 due mainly to the timing of development sales expected in the second half of this year.

In the US, profits from cement, concrete and aggregates fell by more than two-thirds to £1.6m. The market in Atlanta, Georgia, where Blue Circle has struggled in recent years, is expected to pick up as construction work begins for the 1996 Olympics, planned for the city.

Cement profits in Malaysia doubled from £1.5m to £3m. Profits in Chile held steady at £6.1m but dipped slightly in Africa from £9.3m to £8.1m.

Home products rose by a quarter to £23.4m thanks to a first-time contribution from Ceramic Dolomite.

The group's balance sheet remained strong despite an increase in net debt from £262m at the end of last year to £316m at the end of June.

The company has declared a maintained interim dividend of 3.75p.

Lex, Page 16

Sasea loses SFr220m and seeks MGM deal

By William Dullforce in Geneva

SASEA HOLDING, the parent company for the investment banking group headed by Mr Florio Fiorini, made a loss of SFr220m ($145m) for the fiscal year to June 30. As a result, its equity has been reduced to SFr250m compared with a nominal capital of SFr402m.

Sasea participated in the $1.3bn takeover of MGM-Pathé, the Hollywood studio group, by Mr Giancarlo Parretti, the Italian financier with whom Mr Fiorini had close ties. Sasea now says that it is co-operating with Crédit Lyonnais, which provided most of the finance for Mr Parretti's takeover, to find a buyer for MGM-Pathe.

The company said that disposal of the MGM-Pathe stake would probably be delayed some months until the situation was more favourable for the sale of that kind of asset and a profit could be realised when announcing its 1990-1991 profit setback.

Sasea's exposure consists of a $90m loan and its SFr67m investment in Melia International, the company which was the vehicle for Mr Parretti's purchase of MGM-Pathe. Sasea's slide from a SFr26m profit in 1989-90 to a SFr220m loss has been prompted by other difficulties. It has set aside SFr175m in provisions for losses on trading operations, mainly in Yemen, Gabon and Guinea. The operations were halted at the beginning of this year.

For some months the management has been trying to sell assets and reduce group debt, which amounted to SFr1.2bn at the end of 1989. It has sold stakes of 35 per cent in Tamoil (Suisse) and 10.5 per cent in Tamoil (Italia), where it partnered the Libyan Petroleum Company. It has reduced its assets by SFr300m through the sale of real estate holdings to the Cabassi group of Milan.

More deals are under negotiation with Cabassi which, together with those already realised, should cut group debt by some SFr700m, Sasea said. The management hopes to reduce debt to SFr300m.

Parretti's court battle, Page 19

Dutch financial services group moves ahead 18.8%

By Ronald van de Krol

INTERNATIONALE Nederlanden Group (ING), the newly-formed Dutch financial services group, posted an 18.8 per cent increase in first-half net profit and forecast a "satisfactory" rise in full-year results.

The company, formed in March through the merger between Nationale-Nederlanden, the biggest Dutch insurer, and NMB Postbank, the country's third largest bank, said net profit rose to Fl 746m ($382.5m) in the first six months of 1991.

In the same period of last year, the partners posted a combined net profit of Fl 628m. A reason for the strong profit rise was a turnround in non-life insurance, which managed to produce a slim profit of Fl 7m after a loss of Fl 135m in early 1990 due to heavy winter storms in north-western Europe.

This improvement helped the former Nat-Ned achieve a 27 per cent rise in net profit, compared with a 6.6 per cent increase for its merger partner NMB Postbank.

Describing its first-half performance as good, ING announced an interim dividend of Fl 1.50, a rise of nearly 5 per cent compared with Fl 1.43 a year earlier. The figures, the first presented by the new company, were released after the close of bourse trading yesterday.

In life insurance, ING posted a pre-tax profit of Fl 220m compared with Fl 226m in the 1990 first half. The group attributed the flat life results to high start-up costs in new markets such as Taiwan and South Korea.

In banking, the group saw a 30 per cent rise in international lending, helping to compensate for a modest 3 per cent growth in lending at home.

At the end of June, international lending accounted for 17 per cent of the total credit portfolio, compared with 14 per cent a year earlier. Overall, lending rose 6.8 per cent.

SCA cuts forecast for current year

By Robert Taylor in Stockholm

SVENSKA Cellulosa Aktiebolaget (SCA), the leading Swedish pulp and paper company, has lowered its profits forecast for the current year. Earnings (after net financial items) are set to fall by as much as 10 per cent from last year's figure of SKr2.135bn ($338m), the company said.

The drop in profits would have been much greater if a rationalisation programme had not been pushed through which SCA estimated would contribute a net gain of SKr500m. This included the loss of 3,500 jobs.

Without the cut in costs the deterioration in profits (after net financial items) would have been around 35 per cent from the SKr2.135bn achieved in 1990 rather than the 20 per cent fall predicted when the first four months' results were published. It added that earnings per share would be higher than last year at SKr7.70 compared with SKr7.26 in 1990.

The company said that there were "no indications that the market situation" in Sweden would improve this autumn.

UCB falls 23% to BFr1bn

By Paul Abrahams

UCB, Belgium's third-largest chemical and pharmaceutical group, yesterday reported pre-tax profits down 23 per cent from BFr1.3bn ($36.3m) to BFr1bn for the first six months to 30 June.

Mr George Jacobs, the group's president, said that weakness in the US market, particularly in the chemicals sector, had affected the results. Fierce competition in the sector meant that full-year profits would be lower than in 1990. The 1992 financial year would be much better. He expected the company's anti-allergic drug Zyrtec to be licensed in the US next year.

The group announced it had acquired the shares it did not already own in Radcure Specialities, the resins manufacturer, by buying Rhôacne Poulenc's 49.9 per cent stake.

Operating profits fell 11 per cent from BFr1.1bn to BFr1bn and exceptional items dropped from BFr465m to BFr236m.

Framatome in talks over US joint ventures

By William Dawkins

FRAMATOME, the leading French builder of nuclear reactors, is negotiating to take majority control of its two US joint ventures in power station maintenance and nuclear fuel supplies.

Babcock & Wilcox, the engineering subsidiary of McDermott International, the US energy services group, said it was talking to the French group with the aim of selling half its shares in B&W Nuclear Service Company and B&W Fuel Company.

Framatome took a 50 per cent stake in the services company two years ago. It earlier took a 49 per cent share in the fuel supplier, in a consortium with the French nuclear fuel producers, Uranium Pechiney and Cogema.

The aim is to lift both stakes to 75 per cent by the end of the year, leaving Framatome the opportunity to buy more later.

While Framatome has never sold a nuclear plant in the US, it has been keen to make use of its reputation as a large plant supplier to gain entry into the growing market for maintenance and servicing.

The purpose of buying into the Babcock & Wilcox companies was to gain a local presence, Framatome executives explained at the time.

INTERNATIONAL COMPANIES AND FINANCE

MGM battle uncovers web of intricate deals

Karen Zagor follows the Parretti court case

A WEB of broken promises and undocumented loans which does little credit to either Mr Giancarlo Parretti's business methods or Credit Lyonnais Bank Nederland's (CLBN) lending practices has emerged in the legal battle for control of MGM.

The Delaware court case centres on whether Mr Parretti, the controversial Italian entrepreneur, breached a corporate governance agreement signed in April when the bank agreed to lend MGM $145m to keep the studio out of the bankruptcy court on the condition that Mr Parretti ceded day-to-day control. Mr Parretti's lawyers contend that it was the bank that violated the agreement.

The bank is seeking a permanent injunction to bar Mr Parretti and two associates from serving as directors, while Mr Parretti is fighting to regain control of MGM.

In an interview, Mr François Gille, deputy director-general of Credit Lyonnais and a member of CLBN's supervisory committee, described the confused and complex negotiations which led CLBN to acquire an exposure of almost $900m to Mr Parretti.

Credit Lyonnais's relationship with Mr Parretti was forged through its Dutch subsidiary which had a long and generally lucrative history of investments in Hollywood predating its acquisition by Credit Lyonnais in 1983.

Mr Parretti's involvement with CLBN dates from 1987 when he acquired Cannon Group, the foundering B-movie studio that was a long-standing CLBN customer. Cannon was renamed Pathé Communications.

But when Mr Parretti, who is appealing a jail sentence for fraudulent bankruptcy in Naples, started putting together his $1.3bn bid for MGM in March 1990, concern about his past and the source of his funds had made him such a political liability in France that the French government blocked his bid for control of Pathé Cinema.

Credit Lyonnais says it told CLBN to reduce its exposure to Mr Parretti's empire before he embarked on the MGM deal.

But, last July, Credit Lyonnais admitted its CLBN subsidiary had lent Parretti's various companies $880m, excluding about $400m in factoring. The bank, which had been silent about its exposure to Parretti through most of this year, said the litigation had allowed it to break banking protocol about outstanding loans to customers and release details.

Even more embarrassing for Credit Lyonnais was CLBN's admission in the court case that it not only advanced $160m to Mr Parretti to help complete the purchase, but also failed to document every aspect of the transaction. Last year, CLBN denied it had been involved in the acquisition.

As one of the terms of Mr Parretti's deal with Mr Kirk Kerkorian, who held 80 per cent of MGM, Mr Parretti agreed to forfeit $353m if the takeover failed.

Credit Lyonnais says that, only days before the deal was supposed to close, Mr Parretti went to CLBN and said he needed a bridging loan of $160m or the takeover would collapse.

The bank's risk was about $200m in loans to other Parretti entities if the deal had failed. The amount was secured by assets. Mr Gille, the Credit Lyonnais director who was brought in earlier this year to help sort out MGM, is adamant the funds were provided as part of a short-term loan which was to be replaced almost immediately with three permanent investments which Mr Parretti had promised.

"I recognise a lack of documentation of the bridge financing, for which there may have been good reasons," said Mr Gille. "Looking back, I wish it had been handled differently. "With hindsight, there may have been an error of judgment to believe in the promises of Mr Parretti for investors."

But it was necessary to deliver the funds quickly.

However, Mr Parretti's colleagues claim the lack of loan documentation was part of an elaborate cover-up to hide the bank's exposure to Mr Parretti.

In court, Mr Parretti's lawyer said "we do, and will, contest that these were bridge financings and there was any commitment by Mr Parretti" to substitute the $160m with outside investments in MGM.

The bank alleges Mr Parretti promised investments of $60m from the UK company, Rank Film Laboratories, which he said was covered by insurance bonds, and a contribution of $50m from Fininvest, the privately-held media company controlled by Mr Silvio Berlusconi, and another $50m from Mr Kerkorian.

In a letter to the bank, Mr Parretti said he would reimburse the $50m from Mr Kerkorian one day after the closing. The bank says Mr Parretti later repaid this.

Mr Parretti's deposition shows the $50m commitment from Fininvest - described in an October 1990 letter from the managing director of Fininvest to CLBN as "irrevocable" - was anything but irrevocable.

According to Mr Parretti's deposition, Mr Berlusconi said that if he could get a bank loan he would consider an investment, but if he had to pay cash it would be impossible. Mr Parretti added Mr Berlusconi wanted a guarantee he would not be called upon to invest in MGM if he changed his mind.

CLBN says it never saw a penny from Fininvest or Rank to cover the $110m outstanding. Both sides agree there were several contingencies linked to a possible Rank investment. Rank had merely expressed a vague interest in an investment in MGM. The bank says that insurance bonds meant to cover the Rank contribution were to be false.


Giancarlo Parretti: battle over corporate agreement

The bank said the negotiating continued with Rank and Fininvest, which is also a Credit Lyonnaise client in Milan, through June.

Although the Parretti camp insists the paperwork is lacking in several other CLBN transactions, Mr Gille says "the only weakness in documentation at the end of March relates to the $110m loans *made to cover expected investments from Fininvest and Rank*".

Mr Parretti's debts to CLBN have been shifted so many times it is hard to trace them. The Credit Lyonnais loans were made to a byzantine collection of companies of which MGM was one.

Together with Mr Florio Fiorini, the Geneva-based Italian socialist financier who has been Mr Parretti's main backer, assets were juggled and multiple companies were used to fund the Hollywood deal. MGM owes the bank about $400m. Melia, a Madrid-based owner of travel agencies, in which Mr Parretti is a substantial shareholder, owes CLBN about $350m.

Credit Lyonnais says it has now tried to create a more realistic balance between the autonomy of its subsidiaries and centralised control from Paris.

Stung by accusations that it cannot keep track of the lending practices of its own subsidiaries in Europe, Credit Lyonnais's Mr Gille says this "does not mean that we don't exercise close control on the activities of our subsidiaries and we have strengthened Paris controls where there were reasons to do so".

As a result of the MGM debacle, Credit Lyonnais is setting up a special unit in Los Angeles to handle its Los Angeles investments, which had been handled only from Rotterdam.

The case is expected to take several weeks and will be followed by a lender liability suit in Los Angeles, where Pathe is seeking more than $1bn in damages from Credit Lyonnais.

Hyundai, Goodyear in plant link

By John Ridding in Seoul

HYUNDAI Petrochemical, a subsidiary of the Hyundai Group, one of South Korea's largest conglomerates, is moving into the production of synthetic rubber through a technology transfer agreement with Goodyear, the US tyre company.

The new business will be the first to use materials from Hyundai's $2bn petrochemical complex, completed earlier this year.

Part of the planned production of synthetic rubber will be supplied to Hyundai Motors, another Hyundai subsidiary and Korea's largest carmaker. Under terms of the agreement, which awaits approval from the Korean government, Goodyear will supply technology for the production of the synthetic rubber.

Hyundai declined to disclose the amount it was paying for the technology transfer.

Hyundai plans to produce 80,000 tons of synthetic rubber a year after it starts production in 1994. This total will include 30,000 tons of styrenebutadiene rubber and butadiene rubber and 20,000 tons of other rubber.

Hyundai will get its supply of butadiene, a key ingredient in synthetic rubber, from its naphtha-cracker plant on the west coast of Korea.

The company's decision to manufacture synthetic rubber has prompted fears of over-capacity in the Korean market. Yukong, Korea's largest oil refiner, and Daelim, a Korean petrochemical company, plan to move into production of synthetic rubber. Analysts foresee little increase in demand.

A spokesman for Hyundai Petrochemical, however, said he saw little difficulty in finding a market for its rubber.

Brambles suffers first decline for 18 years

By Mark Westfield in Sydney

BRAMBLES Industries, the Australian transport and waste management group, yesterday announced its first profit decline for 18 years. The company posted net earnings down 13.4 per cent to A$192.12m (US$150.8m) for the year to June 30.

Group operating profit for the year before tax and abnormals slid 6.7 per cent to A$311.83m on the previous year's earnings of A$334.29m. Sales revenues were 11.2 per cent up at A$2.29bn, due partly to the inclusion of revenues from recently-acquired bulk haulage and heavy haulage operations in France and the UK. Elsewhere, revenues were flat, with recession in its main market in Australia as well as in the UK and the US holding back performance.

The stock jumped 15 cents over the day, peaking at 20 cents above Wednesday's close, after directors decided to pay a special 5 cents fully-franked dividend on top of its steady final dividend of 25 cents, tax-free, to take the pay-out for the year to 55 cents fully franked.

Brambles said the special dividend was a partial distribution of its surplus franking credits.

Nylex slides 41.6% to A$258.93m

By Mark Westfield

BTR NYLEX, the 62 per cent subsidiary of BTR in the UK, joined the growing ranks of Australian groups reporting sharp falls in earnings.

Equity net profit for the six months to June 30 fell 41.6 per cent to A$151.14m from A$258.93m (US$203.24) for the corresponding period lastyear.

Profit falls in most of its markets in Australia and the US were only partly offset by improved earnings in operations in Malaysia, Thailand, Indonesia and Japan.

Sales in its main market, Australia and New Zealand, were down 12.6 per cent to A$1.24bn, and earnings for the region dropped 44 per cent to A$177.1m as a result of tight margins in its automotive, building products and commercial interiors businesses.

Brokers and institutional investors, who had foreseen a slump of this order, have steadily marked down the stock from its recent high of A$3.46 a share in May to yesterday's close of A$2.76, up 3 cents on the day.

Citic Pacific wins Hang Chong

A CONSORTIUM led by Citic Pacific, the Hong Kong-listed arm of Peking's China International Trust & Investment Corporation, last night won control of Hang Chong, a trading and agency group.

Earlier this week Citic Pacific bid HK$6.94bn (US$894.3m) writes Angus Foster in Hong Kong.

The consortium, involving Mr Li Ka-shing and Mr Robert Kuok, announced it had received irrevocable undertakings for 52.24 per cent of Hang Chong's shares. The offer is therefore unconditional.

INTERNATIONAL COMPANIES AND FINANCE

Procter apologises for inquiry into leaks

By Martin Dickson in New York

EMBARRASSMENT and apologises are not features normally associated with Procter & Gamble, the giant US consumer products group with a reputation for caution and secrecy. But both have been evident this week following an investigation into leaks of information at the company. The probe has turned into a public relations disaster for P&G and set off a row about press freedom.

Mr Edwin Artzt, P&G's chairman, admitted in a letter to employees this week that his attempts to discover who had been disseminating information to outsiders had "created a problem larger than the one we were trying to solve".

The saga began last June when P&G asked police in Cincinnati, Ohio, where the company has its headquarters, to investigate leaks to Ms Alecia Swasy, a Pittsburgh-based correspondent of The Wall Street Journal.

The authorities obtained subpoenas that forced the local telephone company, Cincinnati Bell, to release records of all telephone calls to the office, fax or home phones of Ms Swasy.

P&G invoked a state statute which makes it illegal for an employer to "disclose business secrets to anyone outside his or her company".

The move provoked outcry among newspapers and journalists' organisations, which accused P&G of abusing the US constitution's guarantees of press freedom and setting a sinister example which other companies might follow.

The attacks intensified when it emerged that the police officer who headed the investigation also drew a second salary as a part-time member of P&G's own security staff.

In a letter to staff this week, Mr Artzt admitted that the company had made "an error of judgment. We thought we were doing the right thing, because we had a clear legal right to seek the assistance of the authorities to investigate potential damaging leaks of confidential company information," he maintained.

However, the result had been public controversy and "reactions in the press that reflected negatively on the company". He regretted "the embarrassment that our employees have had to share in recent weeks".

Mr Artzt also gave details of the leaks – which appear not to have been traced. He said they included "very confidential business information, such as our capital spending figures".

Occidental to sell stake in IBP as part of debt cuts

By Martin Dickson

OCCIDENTAL Petroleum, the California energy company, plans to sell its 51 per cent stake in IBP, the largest beef and pork processor in the US, through a $360m rights issue to Occidental shareholders.

The move is the latest by Occidental to cut its heavy debt load and rationalise its interests following the death last December of Dr Armand Hammer, the chairman who built the business into a leading US corporation.

Dr Hammer bought IBP at the start of the 1980s and sold a 49 per cent stake to the public for $447m in 1987.

However, despite IBP's poor profitability – it made $50m last year on $10bn of sales – he was reluctant to dispose of the remainder.

This was possibly because the subsidiary's huge revenues allowed Occidental to be numbered among the top 20 US businesses, ranked by sales.

Mr Ray Irani, Dr Hammer's successor, put the IBP stake up for sale months ago but failed to get a sufficiently attractive bid from a single purchaser.

Mr Irani said the proceeds of the rights offer, net of taxes and expenses, together with the resulting deconsolidation of IBP's $500m of long-term debt, would allow Occidental to cut its debt by $760m.

This, together with the group's other asset disposals since the beginning of the year, means that in the first nine months of its two-year restructuring programme Occidental would have achieved 85 per cent of its $3bn debt reduction goal.

The rights issue, underwritten by First Boston and Donaldson, Lufkin & Jenrette, involves the offer to shareholders of 24m IBP shares at $15 a share.

Salomon downgraded by S&P

By Patrick Harverson in New York

STANDARD & Poor's, the US rating agency, yesterday followed in the footsteps of Moody's Investors Service by downgrading Salomon Brothers because of the damaging effect the auction-rigging scandal was having on the Wall Street firm's financial position.

The agency has lowered its rating of the senior and subordinated debt and preferred stock of Salomon Inc, the parent company.

Unlike Moody's, however, S&P did not change its rating of the firm's commercial paper, because it believes Salomon has enough liquidity to meet maturing obligations until normal short-term funding operations are resumed once confidence in the firm was restored.

S&P also expressed confidence in the fundamental soundness of Salomon's operations, and said it did not expect the costs from litigation and government fines to damage seriously the firm's financial health.

So far, the effects of the downgradings have been minimal, although Salomon has admitted the cost of short-term financings has risen slightly. This was primarily because a number of big US institutions had stopped investing in the firm's commercial paper after it was rated below top investment grade by Moody's.

The number of lawsuits against Salomon continued to pile up yesterday. In a filing with the Securities and Exchange Commission, Salomon said that 13 additional shareholder suits had been launched, including one that was seeking damages of at least $500m.

Although precise figures are not available, it is believed that well over 20 legal actions have been filed against Salomon since the scandal broke in August.

Inmos granted rights to IBM chip

By Michael Skapinker

INMOS, the UK-based semiconductor manufacturer, has secured exclusive rights to manufacture and market IBM's new chips for generating personal computer graphics.

Inmos, owned by SGS-Thomson, the Italian-French semiconductor group, will not sell the chips to IBM, which will make its own advanced graphics products.

Instead, Inmos will sell sets of chips, known as the extended graphics array (XGA), to other manufacturers as part of IBM's drive to establish the product as the worldwide standard for personal computers.

IBM's agreement with Inmos is one of several collaborative ventures the US computer maker has set up recently. It has also struck deals with Apple Computer, of the US, and with Siemens, the German electronics group.

Inmos is a supplier to IBM of video graphics array (VGA) chip sets, an earlier technology. The XGA chips are faster, contain more colours, and can be more easily used with software which allows users to select options from a series of on-screen windows.

IBM did not exclude the possibility that it might buy XGA chips from Inmos, but made clear the UK-based company's role was to ensure other manufacturers used the technology.

"Simply stated, we want to have XGA as the graphics standard for the PC industry," Mr Al Testani, an IBM divisional director, said yesterday.

Inmos will start selling IBM-manufactured XGA chip sets immediately and will begin manufacturing chips carrying its own name within the next few months.

The chip sets marketed by Inmos will contain two chips, one of which will be made at the Inmos plant in Newport, south Wales, and the other at SGS-Thomson's factory in Carrollton, Texas. The sets will be tested at SGS-Thomson's facility in Malta.

Inmos will retain exclusive manufacturing and marketing rights to the XGA chips for 18 months. For a further 18 months, SGS-Thomson would have the right to make an XGA product equivalent to any that IBM may develop with another company.

Western Mining slips to A$361m

By Mark Westfield in Sydney

WESTERN Mining, the Australian group which is embroiled in a bitter takeover battle for Australian Consolidated Minerals, yesterday announced a 14 per cent fall in net equity profit, to A$361.9m (US$285m) for the year to end-June.

The earnings decline was due mainly to the 16.6 per cent slide, to A$278.4m, in the contribution from Alcoa Australia, the aluminium producer. Western owns 48 per cent of Alcoa.

Western Mining's consolidated profit, excluding equity associates, dropped 21.5 per cent to A$275.8m, from sales 11.6 per cent up at A$1.54bn. Group earnings before tax fell 20.7 per cent to A$294.6m from the previous year's A$371.6m.

Pre-tax profit from Western Mining's Kambalda nickel mine fell 20 per cent to A$105m, but gold earnings were up to A$106.3m from A$64.6m last year.

Most Australian gold producers had boosted output dramatically in the months before January when gold earnings became taxable.

Mr Hugh Morgan, managing director, said that Western faced a tough year because of lower prices and decreased production. The outlook for the rest of the year "is not as good as the previous year on current conditions", he said.

Directors said the group's balance sheet continued to be strong, with shareholders' funds of nearly A$3bn. Cash reserves and borrowings, which are mainly non-recourse and related to the group's huge Olympic Dam uranium and gold mine, largely offset each other, leaving the company effectively debt-free.

The board set a final dividend of 11 cents, taking the full-year pay-out to 24 cents, fully-franked, compared with 30 cents last year.

Western Mining, in conjunction with the Normandy Poseidon group, is bidding for ACM at A$1.11 a share, valuing the target at A$266m.

Banco Central disappoints

BANCO Central, the Spanish commercial bank, lifted pre-tax profits for the first half of the year by 2.2 per cent to Pta28.3bn ($261.1m), writes Tom Burns in Madrid. Gross operating profits declined to Pta36.3bn, a 19.2 per cent drop on the 1990 figure.

The disappointing figures came as Central and Banco Hispano Americano, a smaller commercial bank, worked on the details of a merger.

Royal Bank of Canada advances to C$261m

By Bernard Simon in Toronto

ROYAL Bank of Canada, the country's biggest financial institution, benefited from a surge in international income, including higher interest payments by Brazil, to boost earnings by 13 per cent in the latest quarter.

Net earnings rose to C$261m (US$229m), or 77 cents a share, in the three months to July 31, from C$230m, or 70 cents, a year earlier. While income from domestic business slumped by a third to C$113m, the contribution of international operations almost trebled to C$148m.

Return on equity was unchanged at 16.1 per cent, while return on assets rose to 0.8 per cent from 0.74 per cent.

The recession in Canada has forced Royal to raise its loan-loss provisions to C$155m from C$100m a year earlier.

The latest figure is net of a C$100m reversal of Third World loan-loss reserves, to take account of repayments and the sale of C$250m of Third World loans so far this year at a price above their book value.

The bank said economic recovery in Canada was likely to be "slow and uneven", with many borrowers remaining in difficulty. Non-performing loans stood at C$1.86bn on July 31, a small drop from the previous quarter.

Assets stood at C$130.2bn on July 31, 5 per cent higher than a year earlier, but 1 per cent down on the level at the end of the previous quarter.

Royal also said that it was strengthening its capital with a US$200m issue of preferred shares. The issue will boost its capital ratio to 9.3 per cent.

● Falling interest rates lifted earnings of the Bank of Nova Scotia to a new record in the latest quarter, despite a doubling of loan loss provisions.

Net earnings rose to C$164.6m, or 73 cents a share, in the three months to July 31 from C$120.4m, or 53 cents, a year earlier. Net interest income jumped by 36 per cent to C$656.8m.

Bad-debt provisions jumped to C$105m from C$57.5m, but the bank reported that its portfolio of non-performing loans, at C$1.47bn on July 31, was slightly lower than it had been three months earlier. It expects to set aside C$370m to cover loan losses for the year, up from an estimated C$330m.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.07	15.83	16.83
0100	13.25	15.90	15.50
0130	13.25	15.60	15.50
0200	13.25	15.60	16.60
0230	13.25	15.50	16.50
0300	13.25	15.50	15.50
0330	13.25	15.49	15.49
0400	16.19	15.49	15.49
0430	16.19	15.49	15.49
0500	16.19	15.50	15.50
0530	16.19	15.50	15.50
0600	16.19	15.50	15.50
0630	16.32	15.62	15.62
0700	19.28	17.31	19.64
0730	19.60	17.89	20.02
0800	22.79	16.38	19.29
0830	23.82	18.63	20.97
0900	26.14	18.63	20.97
0930	27.30	20.94	23.35
1000	27.87	20.94	23.35
1030	27.94	20.94	23.35
1100	28.44	20.94	23.35
1130	30.07	20.94	23.35
1200	31.97	20.94	23.35
1230	30.68	23.19	25.64
1300	27.83	23.19	25.64
1330	25.02	23.19	25.66
1400	24.26	20.94	23.35
1430	23.23	18.63	20.97
1500	23.13	18.63	20.97
1530	23.06	18.63	20.97
1600	27.08	18.63	20.97
1630	27.13	20.94	23.34
1700	27.14	20.94	23.34
1730	23.75	20.94	23.34
1800	27.04	20.94	23.34
1830	27.00	21.60	23.96
1900	24.00	21.60	23.97
1930	26.50	20.94	23.37
2000	26.51	21.50	21.80
2030	26.51	21.55	24.02
2100	25.86	21.55	23.98
2130	25.84	21.55	23.92
2200	25.80	21.55	23.95
2230	19.28	20.84	23.38
2300	18.86	16.89	19.30
2330	18.64	16.85	19.28
2400	18.17	16.94	19.25

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

INTERNATIONAL CAPITAL MARKETS

Japanese issues fall from peak on profit-taking

By Sara Webb in London and Karen Zagor in New York

JAPANESE government bonds reached new highs in the cash and futures market on hopes of an easing in interest rates. However, the cash market fell back on position-closing and profit-taking to end slightly lower on the day.

Overnight unsecured call money rates slipped to 7⅝ per cent from 7¹¹⁄₁₆ per cent, but the market hopes to see a further easing in interest rates soon.

GOVERNMENT BONDS

Traders are waiting for the release today of the Bank of Japan's quarterly economic "Tankan" report. It is widely expected to show a slowdown in the Japanese economy, with a fall in capital investment and personal consumption.

The market will also be watching today's US employment report to see whether the US Federal Reserve eases interest rates. A fall in US interest rates would put pressure on the Bank of Japan to lower its official discount rate.

The yield on the benchmark No 129 JGB reached 6.245 per cent, as the bond price hit its highest level since February. The yield closed at opening price of 6.275 per cent, slightly up on its opening of 6.265 per cent.

■ UK government bond prices rose yesterday, helped by the government's improved standing in the opinion polls and sterling's continued strength despite Wednesday's base rate cut.

Short and medium-dated gilts showed strong gains while long-dated gilts only edged up. The 10 per cent gilt due 1996 opened at 100¾ and traded up to 100¹³⁄₁₆, while the benchmark 11¾ per cent gilt due 2003/07 edged up from 112¾ to 112²⁹⁄₃₂.

Traders expect the Bank of England to announce either a gilt auction or tap issue shortly as part of its funding programme.

■ The French government bond auction yesterday was well-received, allowing the Treasury to sell a total of FFr6.73bn of bonds. However, government bond prices fell between ⅛ to ¼ of a percentage point during the day, following the US Treasury bond market.

The French Treasury sold FFr4.43bn of the 9.5 per cent OAT due 2001, at an average yield of 8.94 per cent, and FFr2.3bn of the 8.5 per cent bond due 2019 at an average yield of 9.03 per cent. The bid-to-cover ratios for both of the auctioned bonds were high, traders said.

On the Matif futures exchange, the September bond futures contract closed at 106.14, down 0.14 from late Wednesday on volume of 75,977.

Elsewhere, German government bonds slipped back, following the US Treasury bond market. Traders reported further switching out of German and French government bonds into Ecu bonds yesterday. The spread of the Ecu OAT due 2000 over the 9.5 per cent Jan 2001 French government bond has tightened this week from 13 basis points on Monday to 9 basis points yesterday.

■ US Treasuries traded on a soft note yesterday morning as the market awaited today's US employment figures.

The market's weak undertone was set by a statement from the Federal Reserve Board governor, Mr John Laware, who said the US economy "is in the early stages of a genuine recovery".

However, a number of players still believe that monetary policy will be eased if the employment data are extremely weak.

At mid-session, the treasury's 30-year bond was down ⅛ at 100⅝, yielding 8.07 per cent, while shorter-dated maturities were unchanged.

The Federal Reserve arranged four-day system repurchase agreements, in line with expectations at the start of the two-week statement period. At mid-session, Fed Funds were trading at 5¹¹⁄₁₆ per cent.

The market reacted only briefly to weak car sales figures for late August from Ford Motors.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	107.9782	+0.193	10.69	10.64	10.91
BELGIUM		9.000	08/01	98.5000	-0.150	9.23	9.25	9.42
CANADA *		9.750	12/01	100.5000	-0.325	9.67	9.62	9.75
DENMARK		9.000	11/00	98.7500	+0.025	9.20	9.23	9.40
FRANCE	BTAN	8.500	11/96	97.4466	-0.116	9.12	9.10	9.35
	OAT	9.500	01/01	103.2200	-0.150	8.96	8.92	9.14
GERMANY		8.750	08/01	101.9700	-0.270	8.45	8.41	8.56
ITALY		12.500	03/01	97.9500	+0.140	13.29	13.25	13.43
JAPAN	No 119	4.800	06/99	90.9699	-0.045	6.55	6.68	6.87
	No 129	6.400	03/00	100.6672	-0.026	6.28	6.35	6.54
NETHERLANDS		8.500	03/01	98.2500	-0.180	8.77	8.74	8.84
SPAIN		11.900	07/96	101.1200	+0.120	11.55	11.67	11.96
UK GILTS		10.000	11/96	100-25	+6/32	9.80	9.95	10.12
		10.000	02/01	101-05	+7/32	9.81	9.93	10.04
		9.000	10/08	94-22	+4/32	9.64	9.70	9.81
US TREASURY *		7.875	08/01	100-10	-3/32	7.83	7.76	8.03
		8.125	08/21	100-16	-6/32	8.08	8.01	8.24

London closing. *denotes New York morning session. Yields: Local market standard.
Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

Rise in equity-linked finance in Tokyo

EQUITY-linked finance raised by Japanese companies rose to Y1,060bn in August, up 14.3 per cent on July and the highest amount since December 1989, underwriting departments at Japanese securities houses announced yesterday, writes Emiko Terazono.

At the height of the bull market in December 1989, a total of Y2,230bn was in new equity-linked issues.

Overseas issues totalled Y768.8bn in August, of which dollar-denominated warrant bonds accounted for Y482.6bn. In the domestic market, a total of Y190.5 was raised in convertible bonds and Y100bn in warrant bond issues.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:10 pm on September 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	102½	103	-⅛	7.03
ALBERTA PROVINCE 9 3/8 95	600	105⅝	106		7.72
AUSTRIA 8 1/2 00	400	100⅞	101⅛	-⅛	8.34
BANK OF TOKYO 8 3/8 96	100	100⅝	101⅛	-⅛	8.18
BELGIUM 9 5/8 98	250	106½	106⅞	-⅛	8.33
BFCE 7 3/4 97	150	99⅝	100⅛		7.82
BNP 8 5/8 94	300	103⅜	103⅞	+⅛	7.29
BP CAPITAL 9 5/8 93	150	103⅜	103⅞		7.08
CANADA 9 96	1000	105⅛	105⅝		7.55
CARCO 9 1/4 96	650	101⅛	101⅝	+⅛	8.95
CCCE 9 1/8 95	300	105⅛	105⅝		7.46
COUNCIL EUROPE 8 96	100	100⅝	101⅛	-⅛	7.84
CREDIT FONCIER 9 1/2 99	300	106⅛	106⅝		8.38
DENMARK 0 98	250	57⅛	57⅝	+⅛	8.36
DENMARK 8 1/4 94	150	102⅞	103⅛		7.18
ECSC 8 1/4 96	193	102⅛	102⅝	-⅛	7.73
EEC 7 1/4 93	250	100⅞	101⅛	+⅛	6.66
EIB 7 3/4 96	250	100⅞	101⅞		7.52
EIB 9 1/4 97	1000	105⅛	105⅝	-⅛	8.10
ELEC DE FRANCE 9 98	200	104⅛	104⅞	+⅛	8.09
EUROFIMA 9 1/4 96	100	103⅛	103⅝	-1⅛	8.37
EXPORT DEV CORP 9 1/2 98	150	106½	106⅞	+⅛	8.21
FINLAND 7 7/8 97	200	99⅝	100	+⅛	7.98
FINNISH EXPORT 9 3/8 95	200	105	105⅛	-⅛	7.90
FORD MOTOR CREDIT 9 1/2 93	300	103⅛	103⅝	-⅛	7.77
GEN ELEC CAPITAL 9 3/8 96	300	105⅛	105⅝	-⅛	7.99
GMAC 9 1/8 96	200	103	103⅜	+⅛	8.28
HALIFAX 9 1/2 93	200	103⅝	104	-⅛	7.24
IBM WORLD TRADE 7 5/8 93	150	101⅛	101⅞	+⅛	6.91
IND BK JAPAN FIN 7 7/8 97	200	98⅛	98⅝		8.26
INTER AMER DEV 7 5/8 96	200	99⅛	99⅝	-⅛	7.81
ITALY 8 1/2 94	1500	103⅜	103⅞		7.25
JAPAN DEV BK 8 94	150	102	102⅜		7.14
KANSAI ELEC PWR 10 96	350	107	107⅛	-⅛	8.08
LTCB 8 3/8 99	150	101⅞	102⅛		7.22
NEW ZEALAND 8 93	100	101⅛	101⅞	-⅛	7.12
NIPPON CRED BK 9 3/4 93	150	104⅛	104⅝	-⅛	7.54
NIPPON TEL & TEL 9 3/8 95	200	104⅞	105½	-⅛	7.70
NORDIC INV BANK 9 93	200	103⅛	103⅞	+⅛	6.87
ONTARIO HYDRO 11 5/8 94	200	108⅞	109⅛	-⅛	7.45
OSTER KONTROLLBANK 8 1/8 93	200	102	102⅛		6.67
PETRO-CANADA 7 1/4 96	200	97⅛	98⅛	+⅛	7.83
PRUDENTIAL RLTY SECS 0 99	368.216	53⅝	54⅛	+⅛	8.83
QUEBEC HYDRO 9 3/4 98	150	105⅞	106⅛	-⅛	8.60
QUEBEC PROV 9 98	200	102	102⅛	-⅛	8.57
SAINSBURY 9 1/8 96	150	104	104⅛	+⅛	8.13
SAS 10 99	200	102⅛	103⅛	+⅛	9.47
SEAB 9 1/2 95	300	105⅛	105⅝	-⅛	7.84
STATE BK STH AUST 9 1/4 93	100	102⅛	102⅝	-⅛	7.29
SUMITOMO BK CAP MKT 9 3/8 95	150	103⅞	104⅛		7.45
SWEDEN 8 1/8 94	150	102⅛	102⅝	+⅛	7.26
SWEDISH EXPORT 9 5/8 93	100	103⅞	104		6.81
TOKYO METROPOLIS 8 1/4 96	200	101⅛	101⅝	-⅛	7.90
WORLD BANK 8 3/8 99	1500	101⅛	101⅝		8.24
WORLD BANK 8 3/4 97	1500	104½	104⅞	-⅛	7.88
XEROX CORPN 8 3/8 96	100	98⅞	99⅞	+1⅛	8.65

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	200	101⅛	101⅝		10.72
BULGARIAN TRADE BK 8 1/2 96	200	86½	87	+1⅛	12.33
DEUTSCHE BK FIN 8 5/8 96	750	88⅛	88⅝	+2⅛	8.64
DEUTSCHE FINANCE 7 1/2 95	1000	97⅛	97⅝	-⅛	8.49
EIB 5 3/4 98	400	86⅛	86⅝		8.48
EIB 6 7/8 95	300	94⅛	94⅝	+⅛	8.51
EUROFIMA 5 1/4 98	400	87⅛	87⅝	+⅛	8.66
FERRO DEL STAT 5 3/8 95	500	95⅛	95⅝		9.10
FIRST INTERSTATE 5 3/4 96	100	83	83		10.32
IND BK JAPAN FIN 5 5/8 98	200	87⅛	87⅝		8.99
IND DEV BK INDIA 6 3/8 94	200	87⅛	87⅝	+⅛	11.19
LUFTHANSA INT FIN 5 7/8 98	500	85⅛	85⅝	+⅛	8.80
NAT BK HUNGARY 8 96	200	90⅛	90⅝		10.33
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ASIAN DEV 6 3/8 01	340	97⅛	98		6.73
NEW ZEALAND 4 7/8 99	200	87	87⅛		7.39
QUEBEC HYDRO 5 08	100	76⅛	77⅛	+⅛	7.52
WORLD BANK 5 03	150	83⅛	84⅛	-⅛	7.10
WORLD BANK 7 01	600	102⅛	102⅛	+⅛	6.66

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	96⅛	96⅝		6.56
CREDIT FONCIER 5 1/4 96	20000	95⅞	96⅛	+⅛	6.67
DENMARK 7 95	40000	101⅛	101⅝	+⅛	6.45
EIB 4 5/8 94	30000	95⅛	95⅝	+⅛	6.45
FINLAND 6 3/4 96	50000	100⅝	101⅛		6.51
GENERAL ELECTRIC 5 3/4 93	35000	98⅛	98⅝		7.02
INTER AMER DEV 7 1/4 00	30000	104⅞	105⅛	+⅛	6.49
KANSAI ELEC PWR 4 5/8 94	60000	95⅛	95⅝	+⅛	6.57
NIPPON TEL & TEL 5 7/8 96	50000	97½	97⅞	+⅛	6.47
NORWAY 5 1/8 95	50000	95⅛	96	+⅛	6.48
SNCF 6 3/4 00	30000	101⅛	102	+⅛	6.47
SWEDEN 5 5/8 95	20000	97	97½	+⅛	6.49
WORLD BANK 6 3/4 00	50000	102	102⅛		6.43

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.46
KREDIETCORP 7 93 LFr	1000	95⅛	96⅛		9.58
WORLD BANK 8 96 LFr	1000	95⅛	97⅛		9.14
RABOBANK 5 3/4 93 Fl	150	94⅛	95⅛		9.85
UNILEVER 9 00 Fl	500	102	102½		8.66
BCE INC 9 5/8 93 C$	300	99⅞	100⅛		9.64
BELL CANADA 10 5/8 99 C$	150	101	101½	-⅛	10.42
BRITISH COLUMBIA 9 1/4 93 C$	150	99⅝	100⅛		9.45
EIB 10 1/8 98 C$	130	99⅝	100⅛	-⅛	10.18
ELEC DE FRANCE 9 3/4 99 C$	275	97⅛	98⅛	-⅛	10.20
FORD CREDIT CANADA 10 94 C$	100	99	99½		10.40
GENERAL ELECT CAP 10 1/4 93 C$	175	101⅛	101⅝	+⅛	9.47
ONTARIO HYDRO 10 7/8 99 C$	500	102⅛	102½		10.43
OSTER KONTROLLBANK 10 1/4 99 C$	150	100⅝	101⅛	-⅛	10.12
QUEBEC PROV 10 1/2 98 C$	200	100⅛	100⅝	-⅛	10.43
ROYAL TRUSTCO 10 1/4 93 C$	100	99⅞	100⅛	+⅛	10.35
SWEDEN 9 3/4 93 C$	250	100⅞	101⅛		9.18
BELGIUM 9 1/8 96 Ecu	1250	100⅛	100⅝	+⅛	9.03
CNT 7 3/8 93 Ecu	250	95½	96⅛		10.18
CREDIT LYONNAIS 9 96 Ecu	125	96	97⅛	-1⅛	10.09
DENMARK 7 5/8 96 Ecu	250	91½	92⅝	-⅛	9.94
EEC 7 5/8 94 Ecu	200	96⅛	96⅞		9.29
EIB 10 97 Ecu	1125	104⅛	104½		8.93
ITALY 10 3/4 00 Ecu	1000	109⅛	109⅝		9.15
UNITED KINGDOM 9 1/8 01 Ecu	2750	100⅞	100⅞	+⅛	8.97
BP AMERICA 12 1/4 96 A$	100	103½	104	+⅛	11.17
COMM BK AUSTRALIA 13 3/4 99 A$	100	109⅝	110	+⅛	11.82
COUNCIL EUROPE 13 93 A$	50	101½	102⅛	-⅛	11.71
EKSPORTFINANS 12 3/8 95 A$	75	103⅝	104⅛		11.10
FORD CRED AUST 13 93 A$	50	100	101	-⅞	12.85
MCDONALDS CANADA 15 95 A$	100	109⅛	109⅝		11.81
NAT AUSTRALIA BANK 14 3/4 94 A$	150	106½	107⅛	+⅛	11.40
STATE BK NSW 14 1/4 99 A$	100	110⅝	111	+⅛	12.10
VOLKSWAGEN INTL 15 94 A$	100	107	107½	-⅛	11.67
ABBEY NATL TREAS 13 3/8 95 £	100	107⅛	107⅝		10.71
BARCLAYS JERSEY 9 1/2 93 £	250	98⅛	98⅝	+⅛	10.58
BRITISH GAS 12 3/4 95 £	300	106⅛	106½	+⅛	10.48
DEUTSCHE BK FIN 11 94 £	225	101½	101⅞	+⅛	10.20
EIB 10 97 £	386.5	98⅛	99		10.28
FORD CREDIT FUNDING 9 5/8 93 £	50	97½	98	+⅛	11.32
INTER AMER DEV 11 3/8 95 £	75	103⅛	103⅝	+⅛	10.25
ITALY 10 1/2 14 £	400	97½	97⅞	+⅛	10.78
LAND SECS 9 1/2 07 £	200	85⅛	85⅝	+⅛	11.56
LEEDS PERMANENT 9 1/4 93 £	50	97⅝	98⅛	+⅛	10.77
NORWAY 10 1/2 94 £	200	100⅝	101	+⅛	10.14
ROLLS-ROYCE 9 5/8 93 £	150	97⅝	98⅛	+⅛	11.09
SAINSBURY 10 7/8 93 £	100	100⅛	100⅝	+⅛	10.67
SKANDINAVISKA ENSK 13 1/8 95 £	100	105⅛	106⅛		10.99
WORLD BANK 11 1/4 95 £	100	102⅞	103⅜	+⅛	10.24
ABBEY NATIONAL 0 96 NZ$	100	59⅛	60⅛	-⅛	10.67
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	105⅛	106⅛	+⅛	10.07
AIDC 7 7/8 93 FFr	600	97⅛	97⅝		9.46
CREDIT LYONNAIS 10 95 FFr	3200	101⅛	101⅝	+⅛	9.52
EURATOM 7 5/8 98 FFr	500	92⅞	93⅛	-⅛	9.12

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	100.11	100.21	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.51	99.61	11.2050
BANCO ROMA 0.05 01	200	92.00	93.00	6.4675
BANCO SANTO SPIRITO 93	200	99.54	99.64	6.5000
BELGIUM 1/16 97 DM	500	100.03	100.14	9.5000
BFCE -0.02 96	350	99.97	100.07	6.1050
BNP 05	300	95.25	96.25	6.3125
BRITANNIA 1/10 96 £	150	99.09	99.29	11.2250
CCCE 06 ECU	200	99.95	100.05	9.7500
CITIZENS FED 0.15 96	100	99.57	99.90	7.0250
COMMERZBK O/S FIN 93	200	99.96	100.06	5.8750
DENMARK -1/8 96	1000	99.44	99.54	5.6875
DRESDNER FINANCE 1/32 98 DM	1000	99.93	100.04	9.2813
[illegible]	[illegible]	[illegible]	[illegible]	6.0625
[illegible]	[illegible]	[illegible]	[illegible]	5.9375
[illegible]	[illegible]	[illegible]	[illegible]	11.1000
[illegible]	[illegible]	[illegible]	[illegible]	6.3750
[illegible]	[illegible]	[illegible]	[illegible]	5.9375
[illegible]	[illegible]	[illegible]	[illegible]	6.0000
[illegible]	[illegible]	[illegible]	[illegible]	6.5000
[illegible]	[illegible]	[illegible]	[illegible]	5.7500
[illegible]	[illegible]	[illegible]	[illegible]	6.1250
[illegible]	[illegible]	[illegible]	[illegible]	6.0625
[illegible]	[illegible]	[illegible]	[illegible]	6.3125
[illegible]	[illegible]	[illegible]	[illegible]	6.4875
[illegible]	[illegible]	[illegible]	[illegible]	5.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	+8.76
ASDA-MFI 4 3/4 02 £	100	1.64	119½	120½	
BURTON GROUP 4 3/4 01 £	110	2.38	122⅛	124	
EASTMAN KODAK 6 3/8 01	300	50.67	97⅛	98⅛	+18.99
GOLD KALGOORLIE 7 1/2 00	65	1.0554	68	69	+47.55
GOODYEAR TIRE 6 7/8 03	150	80⅛	81⅛	82⅛	+59.52
GRACE (WR) 6 1/4 02	150	42⅛	99⅛	100⅛	+10.98
HANSON 9 1/2 06 £	500	2.5875	99⅝	100⅝	-18.77
HAWLEY 6 02 PREF	400	19.1	80⅛	83⅝	
HILLSDOWN 4 1/2 02 £	150	4.16	113⅞	114⅞	+90.25
INTL PAPER 5 3/4 02	200	68⅛	103⅞	104⅞	+5.61
LAND SECS 6 3/4 02 £	84	6.72	87⅛	88⅛	+10.89
MITSUBISHI BK 1 3/4 02	300	2727.1	108	110	+2.37
OGDEN 6 02	85	39.077	71⅛	72⅛	+39.32
PACIFIC DUNLOP 6 3/4 97	75	3.749	106½	107½	-0.21
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	84⅝	85⅝	
THORN EMI 5 3/4 04 £	103	7.45	118⅛	119⅞	+8.68

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month, above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers.

Ex-Drexel head for County NatWest

By Richard Waters

THE FORMER head of equities at Drexel Burnham Lambert has been appointed to run the equities business of County NatWest, the investment banking arm of the UK clearer.

The move marks the latest in a series of senior management changes at County, which has been through a turbulent four years since the 1987 stock market crash. It has been threatened with closure if it cannot return to sustained profitability in the near future, though its performance this year has been on target.

Mr Arthur Kirsch, who takes over as managing director of County NatWest Securities from Mr Tim Ferguson, took 60 Drexel staff to County after the US securities firm closed in early 1990. He will remain president of County's US equity operations.

The departure of Mr Ferguson after two years completes another round of senior management changes at County, leaving it with its third revamped top management team since the equity business was created during the UK's Big Bang reforms five years ago.

Mr Ferguson was said by County to have left "for personal reasons" and could not be contacted yesterday. He had done much to bring County's cost base under control in the past two years and rebuild its flagging reputation in UK equity research. However, the firm's revenues remain too low, and Mr Kirsch hinted yesterday that more should have been done to get different parts of the bank to work together.

Mr Kirsch, a former top-rated US beverage and tobacco analyst, said both US and UK equity businesses were performing well, and that his aim was to develop greater strengths in corporate finance on both sides of the Atlantic, where County has been weak in the past.

Simex seeks trading links with London

By Peter John

SIMEX, the Singapore futures exchange which last year saw a fall in turnover for the first time since it began trading in 1984, has been seeking links with leading London financial markets in an attempt to boost European interest.

A five-strong delegation headed by Mr Francis Yeo Teng Yang, chairman of the Singapore International Monetary Exchange, has been in discussions with the International Petroleum Exchange (IPE) and the London Financial Futures Exchange (Liffe) in the hope of developing a collaboration agreement.

Simex already has a relationship with the Chicago Mercantile Exchange, its partner in pioneering the world's first mutual offset trading system. As the first step to 24-hour trading, mutual offset allows a trade opened on one exchange to be closed on the other and be treated as a single transaction.

Mr Yeo would like a similar relationship with Liffe. He said nothing concrete had developed during the visit, but added: "Discussions are under way with the IPE on energy contracts. Liffe is not so firm but we have exchanged views to see where our common interests are."

Mr Peter Wildblood, the chief executive of the IPE, said yesterday: "We are exploring various avenues with Simex and we are hopeful that we will be able to develop various possibilities." Liffe had no comment at this stage.

The Simex delegation has also been making presentations in London, Frankfurt and Paris this week to representatives of more than 75 financial institutions.

CME, CBOT in Budapest project accord

By Barbara Durr in Chicago

THE Chicago Mercantile Exchange and the Chicago Board of Trade have signed an agreement with the US government to help develop the Budapest Commodities Exchange.

The accord is for a three-phase project, which will begin with a feasibility study on how to introduce US equipment, technology and services "so that US companies are well positioned" to take part in the project's later stages.

The study will be supported by a $420,000 grant from the State Department's Trade and Development Programme.

INTERNATIONAL CAPITAL MARKETS

Cautious tone is evident under weight of new paper

By Simon London

THERE WAS a more cautious tone in the international bond market yesterday as the market digested the weight of new paper launched over the past two days and investors waited for release of important employment data in the US today.

Compagnie Bancaire, the French state financial institution, came with a $250m four-year deal lead managed by Paribas Capital Markets.

The deal carries a 7¾ per cent coupon and was priced to yield 61 basis points over US Treasury securities.

Participants in the deal reported slow demand, and the yield spread had widened to 63.5 basis points by the close of trading. Syndicate managers noted that the issuer had borrowed heavily in the international bond market this year, added to which the coupon was not high enough to attract much retail buying.

The Canadian dollar sector also saw more supply, with Ford Motor Credit and Banque Indosuez launching three-year deals via Goldman Sachs.

The C$150m Ford deal offered a higher 10¼ per cent coupon and a yield spread of 95 basis points over Canadian government bonds.

The Banque Indosuez paper was priced to offer a yield spread of 49 basis points over government paper.

Participants said that the pricing of both deals was competitive but fair. Syndicate managers said that both deals should attract retail buying over time, although yesterday sales were much less brisk than for similar paper earlier in the week.

INTERNATIONAL BONDS

The European Investment Bank added £150m to its outstanding £386m 10 per cent issue maturing 1997.

The fungible tranche was fully underwritten by Barclay's de Zoete Wedd and priced to yield 23 basis points over UK government bonds – the tightest yield spread on a new Eurosterling issue since April 1989.

However, the outstanding paper in the issue was trading at a yield spread of just 10 basis points.

There have been few equity warrant bond issues by Japanese companies in the past month but yesterday Arabian Oil, Japan's largest oil producer, offered a $200m deal lead managed by Nikko Securities. The company produces almost wholly in the Gulf and has, therefore, had mixed fortunes this year.

Yesterday, shares were trading at Y5780, against a year's high of Y8,500 and a low of Y4,880. However, investors appeared to view future prospects as encouraging and the deal traded up to 105¼ bid from an issue price of par.

● Pemex, the Mexican state-owned oil company, plans to make a seven-year $150m bond issue, the longest dated Eurobond issue by Latin American borrower.

Swiss Bank Corporation has been awarded the mandate for the deal, which will be priced to yield between 245 and 249 basis points over US Treasury bonds.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Cie Bancaire(a)†	250	7¾	101.41	1995	1⅝/1.475	Paribas Cap.Mkts.
Arabian Oil(b)◆	200	4⅝	100	1995	2¼/1½	Nikko Secs.(Europe)
STERLING						
EIB(c)†	150	10	98.761	1997	-	BZW
CANADIAN DOLLARS						
Ford Motor Credit Co.(a)†	150	10¼	100.925	1994	1⅜/1⅛	Goldman Sachs Int.
Banque Indosuez(a)†	125	10	101.525	1994	1⅜/1.15	Goldman Sachs Int.
ECUs						
SNCF(d)†	200	9⅜	101.85	2001	32.5/25.0	Credit Comm.de France
D-MARKS						
Trinkaus & Burkhardt(e)†	50	11	100	1994	-	Trinkaus & Burkhardt
SWISS FRANCS						
Nippon Bee Chemical(a)★★†	10	7½	100	1998	-	Nikko (Switz.) Finance

★★Private placement. §Convertible. ◆With equity warrants. ‡Floating rate note. †Final terms a) Non-callable. b) Issue has two $100m tranches in Europe and Asia. c) Fungible with existing £386.5m deal first opened in 1988. d) Fungible with existing issue, due 12/3/2001, totalling Ecu340m; launched Feb.1991. e) Bonds may be redeemed, at the issuer's option, at par or in exchange for 44 shares in Thyssen AG plus 100 Marks per DM10,000 bond. Non-callable.

Banco Santander share issue in US

BANCO SANTANDER, Spain's second largest banking group, has become one of the first continental European banks to issue perpetual preference shares in the US market with a deal which could substantially cut the cost of raising core capital.

The $150m issue, lead managed by Merrill Lynch, was made through a Santander subsidiary based in Puerto Rico. However, the deal has been structured such that the proceeds strengthen the balance sheet of the parent bank directly, rather than being accounted for as a minority interest.

Moreover, because the issue was made through an offshore subsidiary the shares can be sold to investors in jurisdictions outside the US. Merrill Lynch said that issuing via the off shore subsidiary also offered tax savings to the bank.

The issue of non-cumulative, irredeemable preference shares counts as Tier I or core capital under the Basle agreement on international bank capital adequacy. The only other Tier I instrument allowed under the agreement is common equity.

European securities regulation stalled

By Richard Waters

ATTEMPTS to standardise European securities regulation look once again to be stalled, meaning that the target deadline for new rules of January 1 1993 will now almost certainly be missed.

The European Commission had planned a meeting of representatives of member-states for next Wednesday to try to push forward discussion on the Investment Services Directive, which has been the subject of heated disagreement in recent months.

However, the meeting, scheduled to take place in Luxembourg, has been cancelled and no replacement has been arranged. According to one securities regulator, EC officials have been too busy on other matters to attend to a directive which, on recent showing, none of the member-states are eager to see adopted.

An EC official said yesterday that the timetable for the directive was now almost certain to slip. "It will be very difficult. A one-year implementation period for member-states would be very ambitious – even if the directive was adopted by the end of this year."

Sir Leon Brittan, the EC minister responsible for competition and financial services, had set himself the ambitious task this spring of overcoming resistance to the directive through a series of bilateral meetings with member-states. Yet he has been unable to overcome differences of opinion, particularly between the UK and France, over issues such as transparency of securities markets and whether trading should be centralised on regulated markets.

The EC official did not explain why the latest meeting on the directive has been cancelled, but added: "Another date will, we hope, be fixed soon."

Busy Liffe

THE London International Financial Futures Exchange had its second-busiest day ever on August 19, with 352,375 contracts traded

Tokyo margin regulator under fire

Emiko Terazono on calls for changes to share trading practices

JAPANESE investors' love of trading on margin is just one of the unusual features of the country's stock market thrown into sharp relief during the recent spate of financial scandals.

The practice may be well-established elsewhere, for instance in New York, but even US investors are not nearly so addicted to margin trading as those in Japan. It accounts for 19 per cent of trading on the Tokyo Stock Exchange, and constitutes almost half of trading by individuals.

Margin buying involves paying a percentage of the transaction value in cash or placing securities as collateral and then borrowing the rest from a broker or a securities finance company. Margin selling involves putting up collateral and then selling borrowed shares in the hope that the market will fall.

Margin trading in Japan has some unique features – notably that it's financing is dominated by a little-understood hybrid company, Japan Securities Finance (JSF), which is the sole independent institution, other than brokers, empowered to give loans and lend securities to brokerages and investors for margin transactions.

In the US, by contrast, institutional investors and specialised companies are free to lend stock for margin transactions to earn commission and fees.

JSF is a private profit-making company but is charged with a public duty of ensuring that margin trading goes smoothly. The Tokyo Stock Exchange (TSE) is officially empowered to raise margin collateral requirements on stocks it considers the targets of speculative trading. However, JSF, in liaison with the TSE, can also limit stock lending for margin trading in volatile stocks with high margin positions, thus in effect restricting speculative activity.

JSF was set up in 1955 by the Bank of Japan, and its senior staff come from the central bank or the Ministry of Finance. JSF generated Y172.2bn in operating revenue for the year ended March 1991, mainly through the issue of loans for margin transactions and bond financing. The company employs 330.

Currently three stocks on the first section of the TSE are under stock lending limits set by JSF in agreement with the TSE. But due to the recent increase in speculative activity, the number of issues on the TSE watch list of stocks of which price movements are thought speculative, has risen to 11 from five in late 1989, the peak of the bull market.

To be placed on the list, a stock price needs to fit criteria such as a price fluctuation exceeding 50 per cent of a stock's daily limit for a few days.

Some investors argue that a commercial company should not have the power to restrict trading, and that JSF's regulations go against the free operation of the market.

Mr Fumio Kimura, senior managing director of JSF, says that one of the major functions of JSF is to ensure that margin transactions are carried out smoothly. He says that although the company is an unique institution, it does not have a monopoly.

JSF accounts for 10 per cent of lending for margin buying transactions, and between 30 to 40 per cent for stock lending for margin selling. The broking houses account for the rest of the market.

JSF is quite open about its close ties with the Bank of Japan and the Ministry of Finance. Every president has been an ex-Bank of Japan official, and the company claims to work in close contact with the Ministry of Finance and the Tokyo Stock Exchange.

Some market participants argue that instead of controlling the quantity of stock lending, JSF should increase lending rates as demand increases. This way, it could use market forces to curb speculators. They also argue that more securities finance companies should be allowed to operate.

But Mr Kimura says that while loans on margin buying transactions can be controlled by fluctuating rates, lending stocks is a different matter. There is a limit to the availability of stock in any particular company – something officials at the TSE also point out.

"If there is a possibility of stock procurement difficulties in the near future, it is in our interest to prevent it," says Mr Kimura. Investors who sell a stock on margin will have to return the borrowed stock when the six-month margin period expires. A sharp rise in margin selling means that, at the end of six months, there will be a surge of buying and a possible shortage of stock.

At a time when the authorities are moving toward deregulating Japan's financial markets and removing business monopolies, it might seem strange that reviews of JSF's role in the stock market are not on the agenda.

However, Mr Kimura contends that increasing competition by setting up new securities finance companies would only create confusion. "Stockholders who lend us the stocks do so because they trust us. They will not lend their stocks to just anyone."

IASC proposes convertibles ruling

By Simon London

UK COMPANIES which account for convertible bonds as near-equity would have to revise their balance sheets to show new liabilities under new proposals made by the International Accounting Standards Committee.

The IASC's exposure draft on accounting for financial instruments suggests that convertible bond issues should be accounted for partly as debt and partly as equity – "split accounting".

At present, UK companies which have issued convertible capital bonds, ranging from Sainsbury and Tesco to Blue Circle Industries, often account for the proceeds as near-equity. They argue that the bonds will be converted into shares and offer holders something close to equity risk because they are deeply subordinated.

Under the IASC proposal, they would be required to look at the cost of raising straight debt of the same maturity when the convertible bondwas launched and decide what portion of the proceedsof the convertible issueshould be included as a liability and what portion as near-equity.

IASC standards have no formal authority in the UK. However, the UK Accounting Standards Board is expected to publish a discussion paper on the subject of debt and equity in November.

The IASC exposure draft will increase pressure for the UK body to follow the route which argues that convertible bonds contain both a debt and an equity component.

However, bankers said that there were considerable practical difficulties in deciding how much of a convertible issue should be considered debt and how much equity.

"It is difficult to assign verifiable values in practice to the debt and equity components," commented one banker.

The IASC exposure draft also suggests:

● Preference shares which are redeemable at the option of the holder should be accounted for as debt rather than equity, even if the legal form of the shares is equity. Again, the UK Accounting Standards Board is working on its own draft standard on the issue.

● Securitised assets should not be removed from the balance sheet of a company where it is still exposed to "risks and rewards". These might include a residual risk of default on securitised mortgages which has not been fully passed on to the holders of mortgage-backed bonds.

● Companies should only be allowed to offset financial risks where they have the legal right to offset those risks against each other in practice. Hence, financial risks on foreign exchange contracts undertaken with different counterparties could not always be offset.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thu Sep 5 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Sep 4 Index No.	Tue Sep 3 Index No.	Mon Sep 2 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (183)	874.81	+0.1	9.60	5.53	12.82	23.87	873.69	871.47	875 65	737.12
2	Building Materials (24)	1124.54	+0.6	7.99	5.52	15.96	32.33	1117.76	1112.26	1116.94	918.32
3	Contracting, Construction (31)	1180.79	+0.9	8.95	6.62	14.78	33.40	1170.00	1163.92	1173.73	1148.23
4	Electricals (11)	2497.10	+0.3	9.58	5.33	13.34	63.95	2490.28	2489.36	2496.68	2068.73
5	Electronics (24)	1820.27	-0.4	9.72	5.00	12.88	48.40	1827.06	1808.70	1812.58	1571.57
6	Engineering-Aerospace (8)	407.53	+0.2	16.77	6.15	7.15	12.11	406.67	409.91	409.53	423.03
7	Engineering-General (45)	499.52	+0.3	10.62	5.14	11.56	13.19	498.15	494.69	489.05	408.13
8	Metals and Metal Forming (8)	458.58	+0.7	14.43	7.70	8.42	17.15	455.48	459.30	462.95	416.56
9	Motors (12)	366.99	-0.3	8.10	6.55	15.71	12.70	367.92	364.72	364.94	300.06
10	Other Industrial Materials (20)	1663.18	-0.4	8.29	4.84	14.13	38.33	1669.06	1671.80	1695.01	1302.20
21	CONSUMER GROUP (188)	1585.67	+0.2	7.26	3.45	16.98	27.37	1582.87	1584.26	1587.58	1168.63
22	Brewers and Distillers (22)	1949.98	+0.4	7.88	3.43	15.47	34.70	1941.66	1944.67	1945.88	1433.25
25	Food Manufacturing (19)	1236.69	....	9.23	4.01	13.39	24.86	1237.38	1237.25	1239.25	992.49
26	Food Retailing (17)	2746.97	+0.6	7.81	3.03	16.73	44.38	2730.35	2688.26	2670.74	2363 39
27	Health and Household (22)	3758.25	+0.4	5.18	2.31	21.98	35.03	3744 83	3768.92	3802.79	2286.86
29	Hotels and Leisure (23)	1385.28	-0.5	8.59	5.03	14.02	37.19	1392.39	1393.29	1405.62	1196.95
30	Media (26)	1520.09	+0.1	7.26	4.67	17.96	41.56	1518.72	1522.21	1514.84	0.00
31	Packaging, Paper & Printing (18)	780 58	+0.1	7.24	4.22	16.76	16.35	779.46	780.84	780.34	514.76
34	Stores (32)	1030.49	-0.4	7.40	3.61	17.64	17.96	1034.29	1037 21	1037.47	770.66
35	Textiles (9)	627.72	+2.1	7.53	4.94	16.88	14.09	614.78	611.56	610.08	411.20
40	OTHER GROUPS (109)	1298.59	....	9.32	4.98	13.43	32.75	1299.19	1299.87	1304 42	1004.35
41	Business Services (12)	1432.82	+0.1	7.53	4.57	16.43	30.08	1430.86	1420.13	1418.26	0.00
42	Chemicals (21)	1492.91	-0.9	6.80	4.83	18.17	46.15	1506.39	1513.23	1520.52	1025.27
43	Conglomerates (10)	1515.32	+0.3	9.83	6.96	12.29	35.17	1510.08	1524.05	1535.35	1370.22
44	Transport (13)	2359.44	+0.2	7.64	4.54	16.22	62.68	2355 03	2345 28	2346.47	1916.56
45	Electricity (16)	1246.12	+0.6	14.07	5.22	9.10	27.53	1238 22	1231.67	1239.24	0.00
46	Telephone Networks (4)	1565.79	-0.2	9.43	3.88	13.88	28.34	1569.65	1574.89	1577.91	1121.62
47	Water (10)	2528.54	+1.0	16.18	6.09	6.84	118.37	2503 23	2461.92	2447 37	1870.56
48	Miscellaneous (23)	1931.28	-0.5	5.18	5.13	26.71	47.96	1940.19	1943.83	1958.56	1502.85
49	INDUSTRIAL GROUP (480)	1321.00	+0 1	8.38	4.34	14.80	28.74	1319.74	1319.88	1323.93	1016.98
51	Oil & Gas (20)	2479.74	-0.2	10.53	5.55	12.54	78.32	2484.98	2495.00	2501.69	2500.18
59	500 SHARE INDEX (500)	1420.58	......	8.64	4.49	14.48	32.69	1419.76	1420.60	1424.90	1137.35
61	FINANCIAL GROUP (92)	844.11	....	-	5.52	-	27.93	844.33	844.25	844.20	696.79
62	Banks (9)	987 40	+0.2	4.31	5.40	43.46	36 83	985.74	986.66	986.62	755.933
65	Insurance (Life) (7)	1616.70	-1.0	-	5.13	-	42.61	1632.53	1626.17	1629.31	1296.33
66	Insurance (Composite) (6)	677.38	+0.3	-	6.46	-	25.81	675.46	675.74	677.64	576.88
67	Insurance (Brokers) (9)	1132.23	-0.9	7.23	5.97	18.09	35.66	1142.23	1154.60	1165 61	834.15
68	Merchant Banks (7)	449 63	+0.1	-	4.66	-	12.16	449.02	449.34	448.37	381.57
69	Property (36)	950.93	......	6.02	4.90	22 88	22.40	950.64	948.82	943.27	925.46
70	Other Financial (18)	266.91	+0.4	10.77	6.79	11.63	8.67	265.75	264.10	262.50	255.55
71	Investment Trusts (69)	1260.00	+0.2	-	3.43	-	24.33	1257.97	1257.76	1253.97	1056.01
99	ALL-SHARE INDEX (661)	1280.53	......	-	4 60	-	31.08	1279.89	1280.51	1283.65	1031.06
		Index No	Day's Change	Day's High (a)	Day's Low (b)	Sep 4	Sep 3	Sep 2	Aug 30	Aug 29	Year ago
	FT-SE 100 SHARE INDEX‡	2663.3	-1.3	2667.8	2659.3	2664.6	2669.0	2679.6	2645.7	2638.2	2120.9

FIXED INTEREST

	PRICE INDICES	Thu Sep 5	Day's change %	Wed Sep 4	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	122.58	+0.11	122.45	2.41	7.71
2	5-15 years (27)	134.13	+0.18	133.89	1.95	9.52
3	Over 15 years (9)	142.75	+0.14	142.55	2.40	8.42
4	Irredeemables (6)	157.12	+0.02	157.09	2.40	8.83
5	All stocks (70)	132.84	+0.15	132.64	2.19	8.90
	Index-Linked					
6	Up to 5 years (1)	163.47	+0.08	163.34	1.06	2.72
7	Over 5 years (10)	148.11	-0.03	148.16	0.63	3.15
8	All stocks (11)	149.13	-0.03	149.18	0.65	3.14
9	Debs & Loans (58)	112.50	+0.04	112.45	2.22	7.35

	AVERAGE GROSS REDEMPTION YIELDS		Thu Sep 5	Wed Sep 4	Year ago (approx.)
	British Government				
1	Low	5 years	8.69	8.72	10.96
2	Coupons	15 years	9.56	9.57	10.96
3	(0%-7¾%)	20 years	9.56	9.57	10.96
4	Medium	5 years	9.79	9.83	12.02
5	Coupons	15 years	9.72	9.74	11.53
6	(8%-10¾%)	20 years	9.70	9.71	11.38
7	High	5 years	9.97	10.02	12.12
8	Coupons	15 years	9.83	9.84	11.79
9	(11%-)	20 years	9.76	9.76	11.66
10	Irredeemables	†	9.77	9.77	11.06
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.76	3.79	4.76
12	Inflation rate 5%	Over 5 yrs.	4.23	4.22	4.31
13	Inflation rate 10%	Up to 5 yrs.	2.82	2.84	3.63
14	Inflation rate 10%	Over 5 yrs.	4.04	4.04	4.13
15	Debs &	5 years	11.52	11.52	14.12
16	Loans	15 years	11.29	11.28	13.04
17		25 years	11.11	11.11	12.82

‡Opening index 2662.2; 9 am 2661.2; 10 am 2663.7; 11 am 2659.7; Noon 2661.2; 1 pm 2663.2; 2 pm 2664.7; 2.30 pm 2664.9; 3 pm 2667.6; 4.10 pm 2663.1; (a) 2.57pm (b) 10.52am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	61	8	14
Corporations, Dominion and Foreign Bonds	8	0	12
Industrials	346	224	934
Financial and Properties	153	83	507
Oils	17	18	53
Plantations	0	0	10
Mines	30	24	101
Others	32	55	55
Totals	647	412	1,686

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	-	105	100	US Smaller Cos.	105		-	-	-	-
100	F.P.	-	36	23	Do. Warrants	36		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100	F.P.	-	100	98½	Camborne Inds. 10½pc Rd. Deb. 2001	98½	
100	F.P.	-	90	79½	Claybithe 9½pc Cnv. Ln. 2000-01	79½	
100p	F.P.	-	110½p	104¼p	Gartmore Scotland Zero Div Prf.	110½p	
100p	F.P.	-	109½p	102½p	Kleinwort High Income Zero Div Prf.	109½p	
102½p	F.P.		108p	103p	Murray Split Cap Tst Zero Div Prf 10p	108p	

TRADITIONAL OPTIONS

● First Dealings Aug. 19
● Last Dealings Sept. 6
● Last Declarations Nov. 21
● For settlement Dec. 2

For rate indications see end of London Share Service

Calls in Barratt Devs., Burton, Control Securities, Midland Bank, Mountleigh and Yorkshire TV.

LONDON TRADED OPTIONS

Option		CALLS Oct	Jan	Apr	PUTS Oct	Jan	Apr
Allid Lyons (*619)	600	40½	53½	69½	13½	24	29½
	650	15	30	44½	40½	47½	53½
	700	6¼	16½	25½	83½	84½	86½
ASDA (*97)	90	10	13	16	2	4	5½
	100	4	8	10	6	8½	10½
	110	1¼	4	-	14½	15½	-
Brit. Airways (*188)	160	30	31½	36½	1½	3¼	6
	180	13	18½	23½	4½	8½	11½
	200	3¼	9	13½	15½	19½	21½
SmKl Beecham A (*797)	750	61½	83½	103	5½	15	20
	800	28	51½	72½	22¼	32½	38½
	850	9	29½	48½	53½	57½	63½
Boots (*435)	390	50	56	66	1	4	6
	420	25½	34½	45	5½	11½	13½
	460	6	15	24½	26	32	33
B.P.	330	23½	31	34½	2¼	5¼	8½
[illegible]	[illegible]						
Unilever (*770)	750	37½	55½	72½	11	19½	22½
	800	11½	30	45½	35½	39½	41½
Eurotunnel (*480)	460	28½	51½	70	5½	21½	32
	500	10¼	31½	50	67½	73	-
[illegible]	[illegible]						
Sainsbury (*374)	360	-	-	42	-	-	11½
	386	7	17½	-	16½	20	-
Shell Trans. (*530)	500	33	46½	52½	5¼	9¼	15½
	550	5	17½	23½	30½	34½	39½
Storehouse (*120)	110	12½	15	17½	2¼	5	6
	120	6¼	9	12½	6	9½	11½
Trafalgar (*251)	251	13	18½	-	11½	22	-
	260	-	-	21½	-	-	30
Utd. Biscuits (*397)	390	17½	28	34½	10	16½	21
	420	5	14½	20½	29	32½	37½
Amstrad (*50)	50	2½	5¼	7¼	2	5	6
	60	¾	2½	3¼	10	12	13
Barclays (*475)	460	20½	40½	53½	4	12	18½
	500	2¾	19	31½	23½	30½	36½
Blue Circle (*271)	260	11½	21	31	4	10	13½
	280	2¾	11	20½	15½	20	24
British Gas (*275)	260	16	24½	29	1½	4¼	8
	280	3¼	12½	17	8	12½	17½
Dixons (*264)	260	10	20½	29	4½	12½	15½
	280	3¼	10½	19	16½	21	24½

[illegible]

September 5 Total Contracts 24,389
Calls 17,428 Puts 6,961
FT-SE Index Calls 1,598 Puts 2,245
Euro FT-SE Calls 363 Puts 783
*Underlying security price. † Long dated expiry months
Premiums shown are based on middle prices.

Slow catering sales limit Booker advance to 5%

By Bronwen Maddox

BOOKER, the food distribution and agriculture group, was held to a 5 per cent rise in interim profits as the recession held back catering sales.

It has also announced its first acquisition on the Continent, with the purchase of 40 per cent of Jeronimo Martins, a Portuguese cash-and-carry business, for £13.6m.

Pre-tax profits to the end of June rose to £37.8m (£36.1m) on turnover of £1.56bn (£1.28bn).

Fitch Lovell, the food producer and distributor acquired last year for £302m in cash and shares, contributed little after finance charges.

Earnings fell to 13.01p (14.76p) because of shares issued for Fitch, but the interim dividend is raised to 7.5p (7.25p). Increased interest payable of £12m (£7.5m) reflected debt assumed to buy Fitch.

Despite tough trading conditions in food distribution overall the cash-and-carry operation and its other suppliers to catering improved sales. Food distribution trading profits were boosted to £18.3m (£12.9m), mainly by Fitch businesses.

Mr Jonathan Taylor, chief executive, said conditions had improved recently, but "it is three weeks of sunshine not a recovery."

Agribusiness profits fell 17 per cent to £10.9m (£13.2m) and health products slipped to £3.9m (£4.4m).

Disposals worth £51.2m in the first half brought the total to £125m since the Fitch deal. This reduced gearing at the half year to 95 per cent, from 111 per cent last December. First-half disposals yielded an extraordinary net profit of £15.1m.

Booker plans to cut jobs by 400 to 22,000 in the second half, after losing 900 in the first half.

● COMMENT

Buying Fitch to get at two thirds of its businesses was never going to be effortless. Picking a year of high interest rates increased the pressure to make disposals and job cuts, though the debt load is no bad thing if it has accelerated Booker's overdue tidying up. The strategy seems right, if laborious. It should leave Booker well placed as food distribution consolidates. Immediate recovery looks elusive. Hillsdown and others share Booker's message that falling interest rates have not yet fed through to more demand for catering. Analysts yesterday trimmed their forecasts of full-year pre-tax profits from about £117m to £112m (£103m last year). But the potential for a 1992-93 bounce in profits still looks good, particularly if the company switches successfully from building market share to profits. Booker, along with other food stocks, has been left behind during the recent rally. While the shares may be dull ahead of the important Christmas season, with a 6 per cent prospective yield they are hardly expensive.

Lydia van der Meer

Jonathan Taylor: recent improvement in conditions

Treasury seeks clean bill of health from US banks in BT sale

By Roland Rudd and Sara Webb

THE TREASURY yesterday demanded cast iron assurances from the three contenders for the position of US lead manager in the British Telecommunications sale that they have never been involved in any practice which could embarrass the UK government.

Following the sacking of Salomon Brothers, after it was disclosed that it had rigged recent US Treasury Bond issues, the UK Treasury yesterday began to put the three previous finalists, Goldman Sachs, Merrill Lynch and Morgan Stanley, through a due diligence test.

The Treasury's in-house solicitors and legal advisers to the sale, Linklaters and Paines, yesterday demanded written assurances from the three banks that they have never partaken in any action which could affect their ability to sell the BT shares.

One government adviser said the banks are currently being put through "the toughest due diligence test ever".

All three are considered adequate replacements for Salomon Brothers. According to government advisers, the winner will be the bank which proves it is "whiter than white".

The UK government is not expected to make a decision until next week.

Although Goldman Sachs has been regarded as the favourite to succeed Salomon, government advisers were said to be impressed by the fact that Mr William Schreyer, Merrill Lynch's chairman and chief executive, flew from New York to conduct his company's negotiations personally.

According to government advisers Goldman Sachs did not help itself by the late disclosure of its holding in Maxwell Communication Corporation (MCC), which represented a technical breach of the UK Companies Act. Goldman said it regretted the omission.

The main concern of the UK Treasury is if it should emerge that one of the houses being considered as US lead manager in the BT sale also participated in rigging the US Treasury bond market.

If as a result of the various investigations into Salomon's rigging of the US Treasury bond market it transpires that other houses were involved in the scandal it would be very embarrassing for the UK Treasury.

The £5bn BT sale is due to take place in November.

Courtaulds Textiles at £16.6m

By Michiyo Nakamoto

A REDUCTION in interest charges helped Courtaulds Textiles produce a moderate increase in interim pre-tax profits despite a near-10 per cent decline at the operating level.

In what Mr Martin Taylor, chief executive, described as "the most difficult trading conditions for a decade in the UK textile and clothing markets", profits improved to £16.6m (£16.4m) in the six months to June 30.

Continued tight cash management combined with the positive effects of last year's substantial reduction in borrowings, brought interest charges down to £3.3m (£5.8m). "That has saved our skins this time around," commented Mr Taylor.

Turnover fell to £451.6m (£480.9m) while operating profits were down to £19.9m (£22m). The interim dividend is increased to 4.2p (4p), payable from earnings per share up at 12.3p (11.9p).

Both the clothing and fabrics businesses suffered a downturn in turnover and operating profits.

However, within fabrics the sales of lace continued strongly in international markets due in part to its prevailing popularity and in part to the effects of the group's own recent capital investment in the business.

In its spinning operations, losses were trimmed by about £100,000 and a further four more mills were closed between January and August this year.

By region, North America made the only increased contribution, with operating profits rising to £6.9m (£5m).

The North American business had seen a marked improvement in confidence recently but UK and continental European markets remained weak.

● COMMENT

Since its demerger from Courtaulds, the textiles group has shown no small talent for cash management. Having slashed borrowings significantly last year, it has gone one step further in continuing to reduce interest charges by forging ahead with cost-cutting measures, including tight stock controls. Meanwhile it is steadily improving returns on capital by moving out of less profitable businesses. The upturn for Courtaulds, when it comes, may not be as pronounced as for other more vulnerable businesses, but, on the other hand, the group has a reputation for responding quickly to changes in its environment. A p/e of 16, on full-year profits forecast at £42m looks high, but for the resilience it has shown, the premium makes the shares at least a strong hold.

Saatchi & Saatchi £4.2m in the red and warns on prospects

By Richard Gourlay

SAATCHI & SAATCHI, the troubled advertising group which will run the Conservative Party's forthcoming election campaign, yesterday reported a slide into losses after a fall in revenues in all its main markets.

The pre-tax profit of £13.5m turned into a loss of £4.2m in the six months to end-June on sales 4 per cent lower at £352.8m compared with £367.8m.

The decline was by and large expected, however the group's pessimism about prospects for advertising revenues caught analysts by surprise.

In spite of signs of recovery in the US economy, which accounts for over half of group revenues, Mr Maurice Saatchi, chairman, said that would not feed through into the service sector before the second half of 1992.

A number of analysts lowered their forecasts for 1991 pre-tax profits from about £12m to some £2.5m as a result of the company's gloomier-than-expected prognosis for advertising revenues and margins.

The loss included £14.6m of finance charges on debt that stood at £206m, down from £15.7m as a result of a fall in borrowings and lower interest rates.

The group expects debt to be broadly unchanged at the year-end.

Losses per ordinary share were 1.7p for the six months compared with losses of 3.7p in the six months to March 1990.

Mr Robert Louis-Dreyfus, chief executive, changed the group's year end to coincide with the calendar year to bring its budgeting process into line with that of its clients.

Again there will be no interim dividend.

The shares eased ½p to 15½p.

The group made a £60m provision against future rental liabilities of property surplus to requirement, for the closure of operations and for other provisions.

This was more than offset by the surplus arising from the group's financial restructuring in April which involved the redemption of europreference shares at a discount to book value.

The result was an extraordinary gain of £40.8m.

At a trading level, profits fell from £28.5m to £10.6m. On the communications side profits halved to £6.6m in the US, while in the UK profits of £3.5m turned into losses of £900,000. In the rest of Europe profits were down 27 per cent at £7.4m (£10.1m).

As a result the tax rate increased to above 100 per cent of profits.

Provisions put Trevian into loss

Provisions reducing the value of both trading and investment properties put Trevian Holdings into losses of £985,000, against profits of £2.07m, in the year to April 5 on turnover sharply reduced from £10.3m to £885,000.

The cost of sales, including provisions, took £1.56m (£9.59m). The final dividend is 1p for a total of 1p (3.3p).

DIVIDENDS ANNOUNCED

Blue Circle Inds	int	3.75☆	Nov 26	3.75	-	11.25
Booker	int	7.5☆	Jan 2	7.25	-	21.25
Brit Dredging	int	2.6	Dec 16	2.6	-	7.4
BTR	int	7.5☆	Nov 28	7	-	15.75
Burford	int	0.45	Oct 11	0.4	-	0.85
Burmah Castrol	int	8.5☆	Jan 8	8.5	-	23
Brit-Borneo Pet	int	2.67†	Oct18	2.67*	-	7.1*
Calderburn	int	2.8	Oct 21	2.52	-	7.28
City & Comm IT	int	4.24	Sept 30	3.93	-	9.2
Cookson	int	3☆†	Nov 22	3	-	6
Courtaulds Text	int	4.2	Oct 31	4	-	12.3
Daniels (S)	int	nil	-	1.25	-	1.25
Kingspan	int	1♣	Oct 7	1	-	2.2
Porvair §	int	1.1	Oct 18	1	-	3
Prov Financial	int	8.5☆†	Nov 7	8	-	23.5
Readymix	int	0.55♣	Oct 11	0.55	-	2.5
Reckitt & Colman	int	5.55☆	Jan 7	4.9	-	13.6
Reece	int	0.1	Nov 4	-	-	-
Richards Group	int	1.65	Nov 8	1.65	-	4.4
Sun Alliance	int	5.25☆	Dec 2	5	-	14
Trevian §	fin	1	Nov 7	1.85	1	3.3
Vinten	int	1.8	Jan 2	1.7	-	6.2
Wilson Bowden	int	2.5†	Nov 6	2.4	-	8.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Carries scrip option. ♣Irish currency.

Lower interest boosts Vinten

A FALL of £544,000 in interest charges was the main reason behind a 9 per cent rise from £4.3m to £4.67m in interim taxable profits at Vinten, a supplier of camera systems.

Mr Humphrey Wood, chairman, said that military systems had an excellent six months with electro-optics performing well, but margins were under pressure in the broadcast division and Gruppo Manfrotto had been adversely affected by the weakness of the dollar.

Turnover for the six months to end-June was £31.2m (£33.9m).

Earnings per share were 10.3p (9.8p) and the interim dividend is raised to 1.8p (1.7p).

Cookson tumbles 76% to £17m

By Roland Rudd

COOKSON, the industrial materials group, suffered a 76 per cent fall in pre-tax profits from £71.4m to £17m in the six months to June 30.

Mr Robert Malpas, chairman, said that against the background of recession and the effects of the Gulf war, together with last year's crisis, when the acquisition programme pushed gearing over 120 per cent, the results were "commendable."

After restating the 1990 figures to exclude the tioxide and graphics businesses which were sold in the second half, turnover fell by 16 per cent from £806.6m to £675.9m. Group operating profit declined by 49 per cent from £60.7m to £31m.

Interest charges dropped to £14m (£38.5m).

A series of disposals sharply reduced last year's debt of £635.4m to £246.7m. Shareholders' funds have increased from £417.9m to £514m.

Gearing, on a debt to equity basis, fell from 129 per cent to 48 per cent.

Mr Malpas said the strength of Cookson's balance sheet showed that it was no longer the "debt-ridden basket case" of last year.

Earnings per share, after adjusting for the recent rights issue, were 0.9p (11.1p).

The company's confidence of an upturn in the performance of its businesses, particularly in the US and the Far East, is reflected in the maintained interim dividend of 3p. This will be paid by taking £8m from reserves.

A rationalisation programme has lead to the loss of 2,000 jobs, of which half were in the UK. Mr Richard Oster, group managing director, said he did not expect another "massive reduction" in the workforce.

The group's ceramics businesses were badly affected by the recession. In plastics, the specialist businesses in America have performed better.

● COMMENT

Mr Malpas is right to claim that Cookson is no longer the "basket case" it was last year. But it is still not clear whether it should be viewed as a recovery stock. The decimation of its profits should be set against four encouraging signs: the unchanged dividend, a much stronger balance sheet, reduced fixed costs and evidence of an upturn in the US. A significant profit increase – which would also help offset surplus advance corporation tax of £2.8m – is unlikely until 1993. If operating margins are pushed up to about 10 per cent on expected sales of £1.5bn, Cookson should be making profits of about £150m within two years. This would put the shares on a prospective multiple of 8. It looks promising, but there are still a lot of ifs.

NEWS DIGEST

Calderburn falls £1.2m to £2.3m

CALDERBURN, the office furniture manufacturer formed by the merger in July of Alan Cooper Holdings and Mayfield, reported a fall, on a merged basis, from £3.52m to £2.3m in pre-tax profits for the half-year to June 30.

Turnover declined 11 per cent to £16.5m (£18.5m).

Earnings were 5.83p (8.73p) for the 2.8p dividend (2.52p).

McInerney Homes into receivership

McInerney Homes, the 49 per cent-owned UK-based associate of McInerney Properties, has requested Barclays, its main banker in the UK, to appoint a receiver.

The action has been necessitated by the continuing recession in the housing market and little expectation of recovery in the immediate future.

S Daniels reverts to the red

Reduced contributions from both its bakery ingredients business and its Irish offshoot led to a taxable deficit of £8,000 at S Daniels, a supplier of food and drink products, in the half-year to end-June.

The lapse into the red from last time's profit of £12,000 came on turnover ahead to £16.1m (£15.6m). The group incurred a loss of £70,000 in its last full year.

No interim dividend (1.25p) is declared.

Kingspan drops 12% to I£1.5m

Taxable profits at Kingspan Group, the USM-quoted and County Cavan-based building materials company, dropped from I£1.7m to I£1.5m (£1.36m), in the six months to June 30.

Turnover advanced to I£30.5m (I£23.6m) and earnings slipped to 4.88p (5.72p) per share. The interim dividend is unchanged at 1p.

Richards Group declines to £505,000

Richards Group, the specialist engineer, reported a 28 per cent contraction in interim profits.

The taxable outcome for the six months to June 30 – £505,000 against £705,000 – was struck on turnover down 37 per cent at £6.75m (£10.7m) and after interest charges reduced from £178,000 to £46,000.

A maintained interim dividend of 1.65p is payable from earnings of 4.48p (5.89p).

Readymix tumbles 25% to I£1.76m

Readymix, the Dublin-based concrete and building materials group, suffered a 25 per cent decline in taxable profits in the first half of 1991.

Profits fell to I£1.76m (£1.59m), against I£2.35m last time, on turnover of I£15.3m (I£15.2m).

Earnings were down at 3.95p (5.23p) per share but the interim dividend is held at 0.55p.

Clarke Foods set to acquire Lyons Maid

By Clay Harris

CLARKE FOODS is set to become Britain's second largest ice-cream manufacturer through the acquisition of Lyons Maid from Allied-Lyons, the brewing and food group.

The deal, announced in principle yesterday, is Mr Henry Clarke's biggest step yet towards achieving his ambition of creating a worldwide ice-cream company based in Britain.

In February, he transformed Yelverton Investments, the USM-traded investment company, into Clarke Foods through the purchase of three ice-cream plants from Hillsdown Holdings.

With annual sales of £54m, three times Clarke's existing turnover, Lyons Maid accounts for 15 per cent of the UK ice-cream market and has 25,000 UK outlets.

The combined group will rank second to Bird's Eye Walls, the Unilever subsidiary.

Allied-Lyons will retain Baskin-Robbins, its separately managed US-based ice-cream subsidiary. Lyons Maid's brand names will be included in the sale to Clarke.

The purchase price was not announced, and Mr Clarke said his company had not decided how the deal would be financed. If additional equity was required, the Clarke family intended to maintain its 33 per cent stake. Hillsdown said it supported the acquisition, but would not be drawn on whether it would maintain its 16.75 per cent shareholding.

Clarke shares were suspended at 54p pending completion of the deal, which is not expected until November.

City & Commercial

Net asset value per capital share of City & Commercial Investment Trust, administered by Invesco MIM, stood at £16.36p at July 30, against £13.26p a year earlier.

Net revenue for the six months amounted to £1m (£929,000) for earnings of 4.24p (3.93p) per income share. There is a full distribution of earnings to shareholders.

Wilson Bowden bucks sector trend with advance to £15.4m

By Andrew Taylor, Construction Correspondent

WILSON BOWDEN is one of the few housebuilders which will report an increase in profits during the first half of this year.

Yesterday the group announced pre-tax profits ahead from £15.2m to £15.4m for the half year to the end of June.

Earnings per share dipped slightly from 14.5p to 13.6p after allowing for dilution resulting from the £34m rights issue made earlier this year.

The interim dividend is increased from 2.4 to 2.5p.

This is the best result so far from a UK housebuilder in what is proving to be a dismal interim results season. George Wimpey, Britain's second biggest housebuilder, announced on Wednesday that it had made pre-tax profits of only £200,000 during the same period.

Wilson Bowden, which is strongly based in the Midlands but also builds in southern and eastern England, increased housing profits by 13 per cent from £10.6m to £12m.

Profits from sales of commercial property slipped by a fifth from £4.8m to £3.8m.

Mr David Wilson, chairman and chief executive, said the group had sold 650 homes during the first half – 14 per cent more than during the first six months of 1990.

The housing market, however, had become more difficult since the spring. Whether the group would match the 1,263 homes sold last year would depend upon how sales fared during the next eight weeks.

"There is a hint that things might be picking up again. We have just had our best weekend for three months – but, that could just as easily disappear next weekend, said Mr Wilson.

He said that the group had increased its purchases of land to prepare for the recovery when it came. At the end of June the group had net cash of £10.4m compared with shareholders funds of £156m.

● COMMENT

Wilson Bowden has displayed its worth in the first half. Sales and margins are up in what has been described as the worst housing market for half a century. The secret of its success is its long land bank, currently standing at about 6,500 plots. Of this about a fifth was bought six or seven years ago at what remains very cheap prices. The group intends to use its financial strength to increase the number of plots it holds to more than 7,000. This would take net debt up to about £10m which would still leave gearing under 10 per cent. Profits, depending upon the next few weeks, could be between £28m and the £30m it earned last year. It remains a quality buy in a hard hit sector.

Specialeyes returns to profits

By Peggy Hollinger

SPECIALEYES, the USM-quoted retail optician which has about 2.5 per cent of the UK market, moved back into the black with pre-tax profits of £201,000 compared to losses last year of £2.71m.

A wide-ranging shake-up of operations – including the closure of loss-making outlets, stricter financial controls and a 50 per cent cut in stock values – was largely responsible for the improved performance.

"Our base is a lot stronger now than it was at the same time last year," said Mr Ian Ritchie, chief executive. "With an upturn in the economy, we should certainly benefit."

Turnover in the 53 weeks to June 1 increased only slightly to £14.8m (£14.2m). However, sales per outlet per week increased by 9.5 per cent. Mr Ritchie said this was the result of an improved training programme, better service and new buying policies.

An exceptional charge of £77,000 (£1.68m) was due to store opening and closing costs. During the year, 14 outlets – most of them concessions in department stores – were closed and a further five opened in high street locations. More closures are planned.

The group, which has 66 outlets in the UK, plans to focus increasingly on the high street. Mr Andrew Noble, chairman, said the recession had resulted in good opportunities to acquire prime sites.

Earnings per share emerged at 2.04p against losses of 17.18p. Fully-diluted earnings, taking into account executive and employee share options, were 1.96p. No dividend is declared.

Emess completes RSG sale programme

By Clay Harris

EMESS, the lighting and electrical accessories company, is to sell Imperial Graphics Group to Kolon Industries, a South Korean textiles manufacturer. Emess will receive £7m cash and Kolon will assume £1m in debt.

The deal completes Emess's piecemeal disposal of Royal Sovereign Group, a graphics and stationery company of which it took full control in January 1990. Assets with a book value of £15m have been sold for a total of £17m. The business now being sold also contributed £1.2m in pre-tax profits in 1990.

Mr Michael Meyer, chairman and chief executive, said most of the proceeds would be used to invest in France and Germany, although gearing would fall to 50 per cent by the year-end.

All Emess subsidiaries except its US lighting company were achieving double-digit operating margins.

UK COMPANY NEWS

Burmah Castrol dips 9% to £72m

By Jane Fuller

THE GULF crisis, adverse currency movements and the cost of financing the £259m acquisition of Foseco reduced pre-tax profit at Burmah Castrol, the lubricants, chemicals and fuels group, by 9 per cent from £79.2m to £72.2m in the first half of the year.

Mr Lawrence Urquhart, chairman, said the Gulf crisis had dampened activity and caused stockpiling of lubricants in late 1990. "The first quarter was the worst in my 14 years with the company."

Trading profit rose to £96.5m (£91.5m), affected by a £5m adverse currency cost. Interest paid amounted to £24.3m (£12.3m). Turnover was £1.16bn, nearly 40 per cent up on the corresponding period.

Burmah bought Foseco, the speciality chemicals and abrasives producer, in December. It contributed £15.3m to trading profit and £269.4m to sales.

Mr Urquhart said that because the associated interest costs were more than £18m, the net effect was to knock £3.7m off pre-tax profit.

The Foseco acquisition also had an adverse effect on the tax rate, which rose to 47 per cent (40 per cent). UK borrowings had bought overseas earnings and low UK pre-tax profit had led to a higher ACT write-off. The transfer of debt overseas would ease the problem.

The chemicals side increased trading profit to £21.4m (£7.5m). Foseco's metallurgical chemicals had been established as a separate division, while Fosroc was merged with the existing construction and mining chemicals operation.

Abrasives, diamond products and UK industrials, representing £150m annual turnover and £75m net assets – between a quarter and a third of the acquisition – were up for sale.

In lubricants, trading profit slipped to £58.7m (£60.3m), although Castrol was 5 per cent ahead on constant exchange rates.

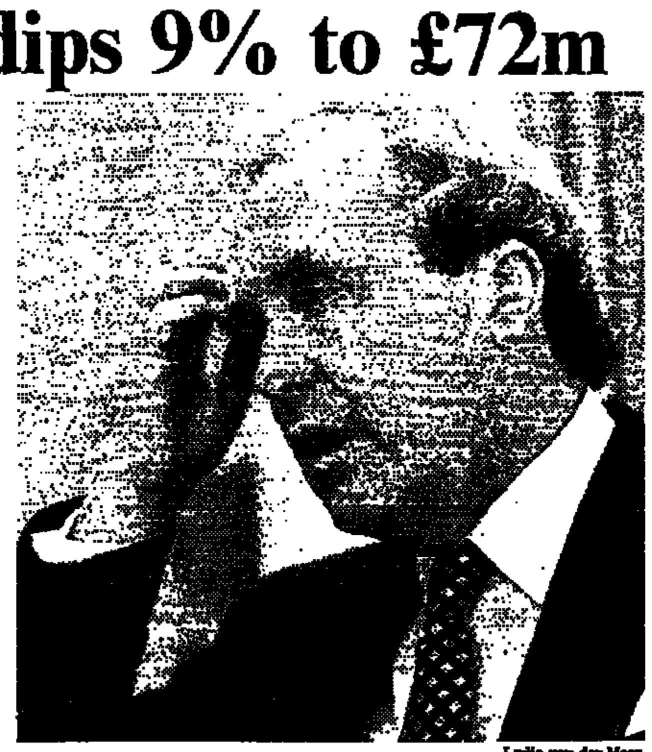
Profits in fuels fell to £9.4m (£11.1m), as UK drivers cut on petrol consumption in the recession and the petrol station property market dried up.

Disposals reduced shipping to £6.7m (£9m) and energy investments to £4.3m (£6.8m).

Gearing came down from 60 per cent at the year-end to 56 per cent, or 71 per cent including convertible bonds as debt. Before the Foseco acquisition, the group had had cash in hand after selling its stake in Premier Consolidated Oilfields for £138m.

Earnings per share fell 28 per cent to 17.8p (24.7p). The interim dividend is maintained at 8.5p.

See Lex



Lydia van der Meer

Lawrence Urquhart: first quarter the worst in 14 years

NEWS DIGEST

British Dredging falls 55%

BRITISH DREDGING blamed the worse-than-expected recession in the building industry for a 55 per cent fall in interim pre-tax profits from £1.69m to £759,000.

Mr Fane Vernon, chairman, said there was little sign of an improvement before next year.

Turnover for the first half of 1991 was unchanged at £16.1m. Earnings per share came out at 2.88p (6.28p) but the interim dividend is maintained at 2.6p.

Sharp rise at British-Borneo

Announcing pre-tax profits up from £705,000 to £1.66m for the six months to June 30, Mr Alan Gaynor, managing director of British-Borneo Petroleum Syndicate, said the company had participated in 25 exploration wells in the Gulf of Mexico, of which 11 had encountered producible hydrocarbons.

Oil and gas production achieved sales of £1.12m, against £11,000 with profit on dealing activities and investment income increased to £1.95m (£1.38m). There is a maintained equivalent interim dividend of 2.667p from earnings of 7.96p (2.64p).

Ex-Lands almost wipes out losses

Ex-Lands, the security investment group which owns and deals in real estate, reported a sharply reduced loss for the year to June 30.

At the pre-tax level the deficit was £8,000 after exceptional costs of £63,000 in connection with abortive acquisitions. This compared with a loss of £689,000 before similar charges classified as extraordinary items of £245,000 in the previous year.

After exceptionals and a tax credit of £39,000 (£18,000) earnings came out at 0.06p (2.58p losses). There is no dividend – the last payment was 0.4p for 1988 – but proposals will be put to shareholders at the annual meeting to enable payment of future dividends.

Reece returns to the dividend list

Reece, the fastener supplier, uPVC door manufacturer and cycle components distributor previously known as Cauldon, reported pre-tax profits of £540,000 for the six months to June 30. An interim dividend of 0.1p is declared, the first for a number of years.

The previous first half saw losses of £138,000, but the outcome for the full 15 months period to December 31 1990 was £415,000 profit.

Turnover in the period under review rose to £6.93m (£2.04m), mainly as a result of acquisitions.

Earnings worked through at 0.33p per share (losses 0.26p).

Porvair moves ahead 11.5% to £670,000

Porvair, the USM-quoted microporous plastics specialist, reported an increase of 12 per cent to £670,000 in pre-tax profits for the six months to May 31 on turnover ahead from £7.65m to £7.7m.

Mr John Morgan, chairman and chief executive, said the results reflected the sales of higher margin products and improved production efficiencies.

After a tax charge of £165,000 (£4,000), earnings fell to 4.2p (4.9p) but the interim dividend is increased from 1p to 1.1p.

JMD reduces its deficit to £67,000

JMD Group, the USM-quoted greetings cards maker and merchandiser of novelty products, reduced losses from £874,000 to £67,000 in the first half on sales down 6 per cent at £1.15m. The previous 12 months saw losses of £1.11m.

Mr Richard Beecham, chief executive, said Downpace, the sole trading subsidiary, had enjoyed reasonable trading in the six months to June 30. In the second half, traditionally the stronger period, a significant contribution was expected from products featuring the Simpsons cartoon characters.

Earnings per share on continuing activities came through at 0.09p (0.33p).

Xtra-vision in the black with I£0.7m

A strong performance in its domestic business put Xtra-vision back into profit in the first half to July 31.

The Dublin-based video rental company achieved taxable profits of I£708,000 (£643,600), against losses of I£2.4m previously, under its new board appointed when Cambridge Group, the Irish financial services group, became the majority shareholder in January.

Mr Colm Menton, chairman of the USM-quoted company, said that initiatives to improve the product and service to customers in the Irish Republic had produced a strong performance.

Turnover fell 31 per cent to I£10.9m (I£15.8m) but profit before interest and similar charges came to I£1.6m (I£1.25m loss). The 1990 results were restated to reflect the change in accounting policy.

Struggle for control at Aberfoyle intensifies

By Joel Kibazo

THE two-year battle for control at Aberfoyle Holdings, the agriculture, textiles, security products and services group, intensified yesterday when a group of shareholders called for the board to be replaced.

The group represents about 40 per cent of shareholders, including Crescent Africa, a private company with a 26 per cent stake. Mr Kojo Owusu-Nyantekyi, its chairman, first called for the board's removal two years ago.

The aggrieved shareholders are calling for an extraordinary meeting. They have become "increasingly concerned" by the failure of management to develop its biggest investment, the Mwenezi development project in Zimbabwe to produce palm oil.

They also pointed to the postponement of the 1990 results, which Aberfoyle said would be announced following the conclusion of its medium-term financing.

The group proposes that Mr Ian Coates, chairman, be replaced by Sir Peter Gadsden, chairman of Private Patients Plan, and Mr B Gill, managing director, be replaced by Mr Barry Trowbridge, who previously ran a waste management business. Mr Owusu-Nyantekyi would also join the board but the group wants Mr P Wilks, finance director, to remain.

Mr Trowbridge said: "The shareholders have run out of steam. There have been no dividend payments for many years and all the shareholders have been getting is excuses. The postponement of the accounts was the final straw."

Provident Financial shows slight improvement to £10.6m

By David Barchard

PROVIDENT FINANCIAL, the personal loan and consumer finance group, made pre-tax profits of £10.6m in the six months to June 1990, slightly up on the £10.5m reported in the comparable period.

Turnover rose by 13 per cent, from £145.2m to £164.2m. Weekly collected credit activities earned £10.1m against £7.4m, but monthly collected credit, which broke even last year, incurred a loss of £1.1m.

Insurance profits fell from £3.9m to £2.1m. Central costs rose from £1.4m to £1.7m.

Among the group's subsidiaries, the weekly collected credit business of Provident Personal Credit achieved an excellent result and improved its margins.

Reorganisation at the HT Greenwood weekly credit company was proving slower than anticipated while Lawson Fisher had introduced new technology into its branch network.

Peoples Bank and Peoples Motor Finance, the motor hire purchase operations, performed disappointingly.

Earnings per share rose to 14.37p (13.45p) and the interim dividend is increased by 0.5p to 8.5p.

Sir Timothy Kitson, chairman, said that the result was good when taken in the context of a difficult economic climate.

The shares moved up 4p to close at 469p.

Bristol & West climbs 21%

By David Barchard

BRISTOL & WEST, the 10th largest UK building society, yesterday announced a 21 per cent increase in pre-tax profits to £39.2m for the first half of 1991, after adjusting for the 110-branch Hamptons estate agency chain acquired in September 1990.

Assets of the society grew to £6.23m, up 27 per cent.

"These results demonstrate, once again, that Bristol & West is a strong, profitable and fast-growing financial business," said Mr Tony FitzSimons, managing director.

"They show that we are on course for our planned financial results for 1991," he added.

Mortgage lending rose from £3.96bn a year ago to £4.94bn, while retail deposits were up from £3.64bn to £4.3bn.

Mr FitzSimons said that Hamptons had incurred a small loss during the first half but that it was now trading profitably.

Provisions against possible loans and advances during the first half of this year were £2.9m.

Harland & Wolff makes initial £6.6m

By our Belfast Correspondent

HARLAND & WOLFF, the Belfast shipbuilder, made a profit on its trading operations for the first time since privatisation, according to figures announced yesterday.

In the six months to June 30 it made pre-tax profits of £6.6m on turnover of £43m. Most of the profit – £6.2m – was attributable to interest on cash reserves held by the company. An interim dividend of 3.5p is declared.

The figures showed Harland made a profit of £400,000 on its shipbuilding, ship repair and electrical services operations.

Last week Harland announced that it had signed contracts worth more than £230m to build six new bulk carriers designed to its own specification. It is the single largest merchant shipping order ever placed in a UK shipyard.

Mr John Parker, chairman and chief executive, said the results were encouraging.

COMMODITIES AND AGRICULTURE

Destocking may dash uranium market hopes

By Kenneth Gooding, Mining Correspondent

BELEAGUERED URANIUM producers, already suffering from extraordinarily low prices because of Soviet exports, face a new threat – better relations between the world's superpowers means that military stocks might now be sold.

There is the equivalent of 250,000 tonnes of natural uranium, or five years' requirements, in the military stocks of China, France, India, the UK and the US, according to a study published yesterday by the Uranium Institute.

This new threat could hit the market just as its present problems begin to fade.

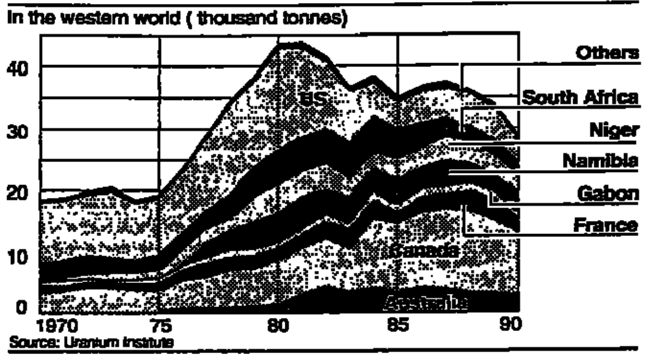
The institute suggested there were at present up to 80,000 tonnes of surplus uranium stocks at power companies in North America, Western Europe and East Asia. That alone would be enough to cover the 52,000-tonnes gap between the 500,000 tonnes it forecasts will be required by nuclear reactors in the 1990s and the potential supply of 448,000 tonnes.

In addition, producers in the western world also hold stocks equivalent to last year's depressed output of about 28,300 tonnes. This was 36 per cent below the 1980 peak and the lowest since 1977. Output this year is expected to be even lower at about 26,000 tonnes.

Uranium has only one application – for nuclear energy. Demand depends entirely on nuclear generating capacity in the 25 countries using that form of power.

Uranium production

In the western world (thousand tonnes)



Source: Uranium Institute

Spot prices of uranium oxide are now well below the production costs of most mines at US$8.55 a lb. Prices peaked at US$45 a lb in 1978. The market changed dramatically in the 1980s when brokers and other intermediaries began to act for their own accounts. By selling material from the huge stocks they have become important alternative suppliers.

Producers themselves are taking advantage of low spot prices and are buying on the spot market rather than re-opening mines to meet their commitments.

Mr Phillip Crowson, senior economic adviser to the RTZ Corporation, the world's largest mining company, suggested yesterday that the drawdown of stocks would continue to 1995, albeit at a slowing rate.

Presenting a paper on supply and demand, prepared by himself and Mr Wolf Gehrisch, the Institute's senior economist, Mr Crowson suggested it was unlikely that the Soviet Union and China would export more than their combined target of 6,000 tonnes of uranium a year, even though they obviously had the capacity to do so.

"There must be concern over security of supply and unease over political conditions which should ensure these goals are not greatly exceeded," he told the institute's annual symposium in London.

Then he raised the question of potential supply from military stocks. He said: "We assume military uranium will not be a significant source for several years at least. But will this become the uranium industry's next Trojan horse?"

Break seen in cocoa clouds ahead of pact talks

By David Blackwell

THE RISE in cocoa prices over the past week or so might convince some of the delegates arriving at the annual meeting of the International Cocoa Organisation (ICCO) in London today that there is a break in the clouds of gloom that have enveloped the market for a couple of years.

Both on the London and New York terminal markets, cocoa prices have advanced sharply by recent standards as players have become increasingly convinced that the 1991-92 season might be heading for the first supply deficit for eight years. Yesterday December cocoa closed at £747 a tonne, a rise of £66 from the previous week . New York December cocoa closed at $1,190 a tonne on Wednesday, $118 ahead of Wednesday last week.

Delegates are anxious to make progress at these talks after agreeing last June to set up a working party on the moribund cocoa agreement. The working party is open to ideas from anyone with a legitimate interest in the cocoa market.

However, the first meeting of the working group does not take place until the end of next week. The group will meet again at the beginning of December, followed by a further full council meeting of the organisation to discuss its findings.

That leaves only routine business to be done today and next week, along with the familiar arguments that arise at every ICCO meeting – notably over the $150m still owed by producer countries to the buffer stock.

Even so analysts feel that the pact talks could add to the mildly bullish tone of the cocoa markets.

But the main reason behind the rise in prices is a fundamental change in the outlook for the supply and demand balance. According to Mr Tony Chadwick, analyst with Prudential Bache, the deficit for 1991-1992 could be in the order of 80,000 to 100,000 tonnes.

The fall in world cocoa prices to 16-year lows has left producers with little option but to cut the use of pesticides, fertilisers and even labour. In Brazil, where dry weather has compounded problems, witches broom and black pod disease have spread through plantations. According to GNI, the London futures broker, Brazilian production could fall to 270,000 tonnes 1991-92 compared with 365,000 tonnes this season.

West African and Malaysian production is also seen falling.

At the same time consumption continues to grow strongly. "Grinding rates have been growing at an exceptional rate for 10 years and there is a strong likelihood of an 80,000 to 90,000-tonne expansion in global demand in 1991-92," says GNI.

Mr Chadwick points out that Soviet consumption has fallen in the past two years from 200,000 tonnes to 70,000 tonnes. While it could still fall further, the potential for a revival in Soviet demand remains in the background. Similarly demand for chocolate could grow strongly in eastern Europe.

The current season's surplus is put at 139,000 tonnes by Gill & Duffus, the London trader, and world stocks stand at 1.46m tonnes.

While such an overhang will continue to keep the brakes on the cocoa market, GNI believes that "with many producers probably oversold on forward contracts, nearby tightness may none the less push prices up to £1,000 a tonne by the year-end."

Malaysia not dismayed by market problems

Sales have been helped by rapid growth in domestic processing, writes Lim Siong Hoon

THE WORLD cocoa market may be in a slump but Malaysia can still "sell every bean we produce," says Mr Tay Eong Beok, deputy director-general of the Malaysian Cocoa Board, the country's powerful regulatory body. He heads the board's research division.

With sales of the commodity being helped by a rapid growth in domestic cocoa processing capacity there has been none of the build-up in domestic stockpiles that has plagued other producers.

Between 1988 and 1990, Malaysian grinding capacity rose by 50 per cent to 66,000 tonnes. This year, it is expected to rise another 36 per cent to 90,000 tonnes. Counting 40,000 tonnes of capacity in neighbouring Singapore, factories in the two countries will be absorbing nearly half of this year's output, forecast to rise to 280,000 tonnes from last year's 260,000 tonnes.

Cocoa processors are doubling and trebling their capacities because the pressing margin (the price premium for cocoa butter over beans) has grown from two or three times the price of beans to four times.

The boom among local cocoa processors contrasts sharply with depressed state of the commodity market, where low bean prices have encouraged stockpiling.

One result has been a worldwide squeeze on supply of cocoa products, particularly butter. So European buyers have joined US chocolate makers as eager buyers of Malaysian products, says Mr Alan Maclachlan, representative for E.D. & F. Man, the London-based commodity broker.

Malaysian cocoa butter exports have been surging since 1989, when they far outstripped a 2.3 per cent rise in world bean consumption to advance 22 per cent. About 75 per cent of locally-produced cocoa butter is sold to the Netherlands, the UK and the US.

"There is a lot of profit being made," says Mr Maclachlan, from the anomaly between prices of cocoa products and beans. "It may be good for manufacturers but it is not healthy for the industry as a whole."

Cocoa plantations, like Golden Hope (formerly Harrisons Malaysian), are responding to the situation by raising their investments in cocoa grinding: the Malaysian government has issued processing licences for 14 plants, on top of 10 already operating. But Mr Tay says that, in the short term, farmers can only compensate for low bean prices by raising their yields, although at nearly 700 kg a hectare the Malaysian average is already the highest in the world. The cocoa board is aiming for 1 tonne a hectare, not necessarily an unrealistic target as some well-managed plots already yield as much as 1.5 tonnes a hectare.

This means that, even without further expansion of cultivated land, Malaysia hopes to reach an output of 340,000 to 400,000 tonnes by 1995. But Mr Tay doubts that Malaysia can produce the volumes achieved by Ivory Coast because of a shortage of suitable land.

Set up this year, the board has a 1989 parliamentary mandate to help reform cultivation and establish a system for the physical grading of beans. For this purpose the board issues a certificate, which gives quality a legal backing.

The grading system involves six levels of physical quality standards, based on bean size uniformity (100 beans per 100 gram is optimum) and the level of mouldiness and other defects, says Mr M.J. Musa, also the board's deputy director-general. He heads the marketing and regulatory division.

The board is critical of current international grading methods, which make little distinction between the subjective standards of flavour and the tangible, physical quality.

The establishment of the board is symbolic of Malaysia's determined push towards improving its regulatory and research work. Aside from these functions, its other main occupation is finding more food and non-food uses for cocoa.

"Most agricultural producers focus on production rather than industrial research," says Mr Tay. "I think the Malaysian approach is the right way."

Its ambition is to become a big market player not simply in cultivation but also in cocoa products manufacturing.

These efforts are partly aimed at the Asian Pacific region. This is "a brand new market", says Mr Musa, who hopes to persuade the Chinese to drink as much cocoa as they do in tea. "I think it is easier to convince them to switch to cocoa than to convince coffee drinkers," he says.

While Swiss annual consumption of cocoa is 4 kg a head, the Japanese, who have equivalent income levels, consume just 600 grams each. China's consumption is just 200 grams a head.

This, Mr Tay thinks, is a problem of image. Asians tend to regard cocoa as "an expensive, imported product", although just 10 to 12 per cent of the price of a chocolate bar represents the cost of the cocoa in it.

Jamaican company's Soviet bauxite deal 'not threatened'

By Canute James in Kingston

A JAMAICAN company that sells bauxite to the Soviet Union has denied a suggestion that its supply contract is in danger following recent developments there. But it says it is watching the situation "carefully".

The state-owned Bauxite and Alumina Trading Company (Batco) has a contract to supply 1m tonnes of ore a year over five years, starting this year. The agreement is expected to earn the island about US$125m. Mr Audley Roberts, managing director of the company, admitted that shipments to the Soviet Union were behind schedule, but he said that resulted from problems that arose before the start of present crisis.

Earlier, Mr Ruel Cooke, a consultant with the Jamaican Bauxite Institute, suggested that Batco's contract was in danger because it had been agreed with a Soviet agency in Moscow, but that the ore was being used by a refinery in the Ukraine.

Jamaican industry officials said that the future of the contract was secure as long as the Ukraine remained part of the Soviet Union. They said that if the Ukraine moved to independence either the contract would have to be renegotiated with that government, or the Soviet government would have to find another refinery that was technically able and willing to process the ore. Failing this, the contract would be threatened.

Mr Roberts said there had been difficulties with the contract before the current wave of unrest. He said that the shipment of the ore had fallen behind schedule because the Soviet Union "has recently been diverting their ships to earn hard currency".

The Soviet Union took delivery of 30,000 tonnes instead of 250,000 tonnes in the first quarter of this year. A lack of hard currency to pay for the bauxite was reported by Jamaican officials to be the cause.

Discussions between representatives of both governments led to a resumption of shipments in June. Batco is projecting that it will ship 180,000 tonnes of ore between this month and December. That would make total delivery of bauxite to the Soviet Union this year about 600,000 tonnes.

"The shortfall of 400,000 tonnes will represent a revenue shortfall of US$8.5m," the company said. And it will reduce the Jamaican industry's growth rate.

Ore production in the first six months of this year was 5.53m tonnes, 1.4 per cent more than in the corresponding period of 1990. The Jamaica Bauxite Institute is forecasting 1991 production at 11.1m tonnes, 1.6 per cent more than actual output in 1990. Ore production in 1990 was 13.7 per cent more than in 1989.

Natural rubber producers begin 3-day meeting

THE WORLD'S leading natural rubber producers started a 3-day closed meeting yesterday to discuss production and marketing strategies in an effort to boost prices, reports Reuters from Solo.

"We just set up a special committee which will work on the strategies soon," said Mr Abdul Madjid, secretary-general of the Association of Natural Rubber Producing Countries.

The executive committee of the 7-member ANRPC will also press for early renegotiation of the International Natural Rubber Agreement, a pact – due to expire in December 1993 – to maintain buffer stocks in order to stabilise prices.

"We want a new pact which provides better price mechanisms. The current agreement has failed to provide fair and remunerative prices for us," Mr Madjid said.

The International Natural Rubber Organisation, which administers the agreement, will meet next month in Malaysia to consider renegotiating the agreement.

Smaller Canadian wheat crop forecast

By Bernard Simon in Toronto

CANADA'S PRAIRIE wheat harvest is expected to be somewhat lower than last year, despite near-record yields in the key province of Saskatchewan. With more than half the crop now harvested, the Department of Agriculture has forecast a total yield from the three western provinces of 29.6m tonnes, down from 31.1m tonnes last season.

The relatively large harvest has failed, however, to lift the sombre mood among Canadian grain farmers caused by low world prices. Canada is the world's third biggest wheat exporter, after the US and the European Community, and regards itself as one of the chief victims of the wheat subsidy war. The Canadian Wheat Board last month lowered initial payments to producers for the current crop year to C$95 (£50) a tonne, from C$135 last season.

Mr Gordon Reichert, an Agriculture Canada forecaster in Winnipeg, said the drop was mainly due to an expected 1.2m-tonne fall in the harvest in Manitoba, where excess moisture early in the season damaged parts of the crop.

The prairie barley harvest is expected to fall to 12.6m tonnes from 12.9m tonnes. But the canola (rapeseed) crop is set to balloon to 4.3m tonnes from 3.2m tonnes, thanks to a 24 per cent increase in acreage.

The Saskatchewan Wheat Pool said it expected the province's grain harvest to total 24.8m tonnes, the second largest on record. Spring wheat will contribute 14.5m tonnes and durum wheat 3.5m tonnes. The Pool said that dry weather had allowed farmers to make "excellent progress" in bringing in the harvest.

WORLD COMMODITIES PRICES

MARKET REPORT

Robusta coffee prices broke out of their recent narrow band on concern about political upheavals in robusta-producing Zaire and unconfirmed market talk that Indonesia – the world's leading supplier of robusta coffee – had imposed some restrictions on coffee exports. In New York the arabica market was looking for direction at midday, with traders reluctant to be short as they awaited further details of financing for the producers' stock retention plan. On the LME copper prices moved ahead on short-covering against a background of concern over the tightness of September delivery metal and the unrest in Zaire, which accounts for about 5 per cent of world production. Nickel retreated further, but closed above earlier 18-month lows. Further declines are expected, with physical supply likely to outpace demand in the final months of the year, while recent arrivals of Soviet metal into Europe should show up in Rotterdam warehouses soon. Platinum lost Wednesday's gains on news that Impala had reopened the Bafokeng North mine which had been closed for just one day. Nymex platinum futures were also down at midday, weighed down by heavy Japanese investor selling.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$17.10-7.20z	-0.15
Brent Blend (dated)	$20.05-0.15z	-.175
Brent Blend (Oct)	$20.10-0.15	-0.15
W.T.I. (1 pm est)	$21.70-1.75z	-.125
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$246-248	+2
Gas Oil	$192-194	+2
Heavy Fuel Oil	$69-71	-1
Naphtha	$207-209	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$347.50	-1.5
Silver (per troy oz)♣	389.5c	-4.5
Platinum (per troy oz)	$340.5	-5.0
Palladium (per troy oz)	$81.25	-0.25
Copper (US Producer)	107.4c	-0.8
Lead (US Producer)	36.4c	
Tin (Kuala Lumpur market)	15.15r	
Tin (New York)	258.5c	-0.5
Zinc (US Prime Western)	62.0	
Cattle (live weight)†	105.04	-3.98*
Sheep (dead weight)†	118.45	-1.98*
Pigs (live weight)†	67.79p	+2.35*
London daily sugar (raw)	$230.0q	-0.4
London daily sugar (white)	$287.0q	-0.8
Tate and Lyle export price	£244.5	
Barley (English feed)	£112.5x	
Maize (US No. 3 yellow)	£180	
Wheat (US Dark Northern)	£97.0	
Rubber (Oct)▼	51.75p	-0.25
Rubber (Nov)▼	52.25p	-0.25
Rubber (KL RSS No 1 Sep)	226.00	+0.50
Coconut oil (Philippines)§	$420.0t	
Palm Oil (Malaysian)§	$317.5t	-2.5
Copra (Philippines)§	$262.5j	
Soyabeans (US)	£157.5	+2.5
Cotton "A" index	70.95c	-0.65
Wooltops (64s Super)	360p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct t-Aug/Dec u-Oct/Dec x-Sep y-Aug/Sep z-Oct j-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ▼London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Oct	207.00	199.40	208.00	193.60
Dec	197.00	191.20	191.00	186.00
Mar	192.00	186.20	193.00	181.00
May	193.60	186.40	185.60	182.00
Aug	200.00		186.60	186.60
Oct	200.00		167.00	
White	**Close**	**Previous**	**High/Low**	
Oct	288.0	282.0	285.0	280.4
Dec	281.8	277.0	278.5	274.0
Mar	281.0	278.0	281.5	274.0
May	279.0	275.0	279.0	273.2
Aug	278.5	274.5	278.5	273.0
Oct	260.5		257.0	
Dec	258.5		255.0	

Turnover: Raw 2096 (913) lots of 50 tonnes. White 1918 (630)
Paris- White (FFr per tonne): Oct 674, Dec 649

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low	
Oct	20.14	20.25	20.19	20.09
Nov	20.15	20.26	20.22	20.14
Dec	20.17	20.23	20.20	20.13
Jan	20.10	20.15	20.11	20.07
Feb	20.01		20.01	20.00
Mar	20.00	20.00	20.00	
IPE Index	20.34	20.58		

Turnover 10358 (17428)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low	
Sep	192.50	192.75	193.00	190.75
Oct	195.50	196.00	195.75	194.00
Nov	197.25	197.75	197.50	195.75
Dec	197.75	198.75	198.50	197.00
Jan	198.00	197.00	198.75	195.50
Feb	191.25	191.50	192.25	190.50
Mar	185.00	185.50	185.00	
May	175.00		175.50	175.00

Turnover 8378 (10941)lots of 100 tonnes

FRUIT & VEGETABLE

Homegrown plums are this week's best fruit buy at 45-60p a lb (55-70p). New season apples are coming into their own with English Discovery at 48-55p a lb (40-65p) and French Golden Delicious at 50-60p a lb (60-70p). Grapefruit at 25-35p each (25-35p) for white varieties and 40-45p each (40-45p) for pink varieties. Sweet corn at 30-45p per cob (35-45p) is plentiful this week, English Primo cabbage at 25-30p a lb (25-30p) and carrots at 18-20p a lb (15-22p). White and green celery varieties are good this week at 35-50p a head (45-65p). Other salad choices include tomatoes at 48-65p a lb (40-55p) and iceberg at 45-55p each (45-60p).

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low	
Sep	714	714	715	711
Dec	747	743	752	739
Mar	783	778	787	775
May	805	797	805	795
Jul	825	817	825	816
Sep	845	836	843	834
Dec	866	858	866	858
Mar	890	882	890	880
May	907	897	905	899
Jul	923	911	920	916

Turnover: 10501 (15737) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 4 934.10 (903.23) 10 day average for Sep 5 875.58 (866.82)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low	
Sep	538	520	543	520
Nov	563	548	567	546
Jan	582	569	585	566
Mar	592	585	595	582

Turnover:5016 (4446) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 4 : Comp. daily 65.86 (66.18) 15 day average 63.78 (63.50)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low	
Nov	84.0	85.0	83.5	
Apr	121.0	119.8	121.5	119.7

Turnover 101 (186) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Oct	133.00	133.00	133.00
Dec	136.50	136.00	136.50

Turnover 28 (250) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low	
Sep	1618	1613	1615	1605
Oct	1710	1703	1715	1700
Jan	1711	1711	1710	1704
Oct	1530		1530	
BFI	1544	1543		

Turnover 74 (186)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low	
Sep	114.00	113.90	114.00	113.90
Nov	116.60	116.80	116.95	116.60
Jan	120.05	120.30	120.50	120.05
Mar	123.50	123.75	123.60	
Barley	**Close**	**Previous**	**High/Low**	
Sep	110.70		110.50	
Nov	113.60	113.55	113.65	113.60
Mar	119.60	119.60	119.70	119.60

Turnover: Wheat 400 (441), Barley 48 (61).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Sep	90.5	90.0	90.0	
Oct	99.5	99.5	99.0	98.5
Nov	104.0	103.5	103.7	103.5
Jan	104.0	104.0	103.5	
Mar	109.5		109.0	

Turnover:75 (24) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	137.20	137.12			
Sep	137.10	137.50	137.30	137.10	110
Oct	138.10	137.80	138.10	137.50	140
Nov	137.80	138.30	138.00	137.80	95
Dec	138.60	138.60	138.60	138.40	115

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 24,344 lots
Cash	1250-1	1244-5		1249-50		
3 months	1280-1	1275-6	1280/1275	1278-9	1278-9	18,233 lots
Copper, Grade A (£ per tonne)						Total daily turnover 16,358 lots
Cash	1353.5-4.6	1344-5	1355/1351	1352-2.5		
3 months	1358-8.5	1352-2.5	1358/1355.5	1355-6	1357-8	21,036 lots
Lead (£ per tonne)						Total daily turnover 1,558 lots
Cash	312-3	310-1	313	309.5-9.75		
3 months	324-5	323-4	325.25/322	321-75-2.0	326-7	1,400 lots
Nickel ($ per tonne)						Total daily turnover 2,829 lots
Cash	7695-705	7710-20	7700/7690	7675-85		
3 months	7730-5	7755-60	7750/7700	7690-700	7725-35	5,915 lots
Tin ($ per tonne)						Total daily turnover 1,033 lots
Cash	5575-85	5565-70		5565-75		
3 months	5655-60	5648-50	5655/5646	5646-50	5650-60	1,456 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 8,719 lots
Cash	1024-6	1022-4	1026/1025.5	1025.5-6.0		
3 months	1040-1	1038-40	1042/1040	1039-9.5	1039-40	7,647 lots

LME Closing £/$ rate:
SPOT: 1.6930 | 3 months: 1.6742 | 6 months: 1.6564 | 9 months: 1.6417

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	347.30-347.70	
Opening	347.50-347.90	
Morning fix	347.30	205.016
Afternoon fix	347.40	205.198
Day's high	347.60-348.00	
Day's low	346.40-346.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.20	6 months	5.04
2 months	5.15	12 months	4.99
3 months	5.10		

Silver fix	p/fine oz	US cts equiv
Spot	228.00	388.25
3 months	233.70	391.50
6 months	239.30	397.10
12 months	251.10	409.40

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	348.00-349.00	205.50-206.00
Maple leaf	358.00-359.00	211.50-212.00
New Sovereign	83.00-84.00	49.00-49.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Dec	Oct	Dec
1100	163	183	1	1
1200	69	94	3	10
1300	8	33	44	47
Copper (Grade A)	**Calls**		**Puts**	
2200	94	105	8	37
2300	31	54	44	83
2400	5	23	119	150
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
500	63	83	1	3
550	23	43	11	13
600	5	17	43	37
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
725	53	91	31	34
750	41	78	44	44
775	32	64	60	57
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
2000	24	62	12	7
2050	6	38		
2100	2	23		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	347.0	348.5	0	0
Oct	348.2	349.8	348.5	347.8
Nov	349.8	351.4	0	0
Dec	351.4	353.0	351.9	350.8
Feb	354.4	356.0	354.8	354.4
Apr	357.4	359.0	0	0
Jun	360.5	3362.1	360.0	360.0
Aug	363.7	365.3	363.9	363.9
Oct	366.8	368.4	366.6	366.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	341.8	346.0	344.2	340.0
Jan	346.2	350.4	348.0	344.5
Apr	350.0	354.2	349.0	349.0
Jul	353.8	358.0	352.5	352.5
Oct	360.8	365.0	362.0	362.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	386.4	390.4	387.5	385.5
Oct	387.7	391.9	0	0
Nov	389.8	394.0	0	0
Dec	392.3	396.5	394.0	390.0
Jan	394.4	397.9	0	0
Mar	398.9	403.2	400.0	397.5
May	403.5	407.9	405.0	402.0
Jul	407.9	412.4	409.5	408.0
Sep	412.7	417.2	413.5	413.5
Dec	419.9	424.5	420.0	419.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	103.90	103.50	104.00	103.60
Oct	103.60	103.00	103.60	103.00
Nov	103.35	102.80	102.90	102.90
Dec	102.95	102.40	103.10	102.40
Jan	102.30	101.75	0	0
Feb	101.75	101.25	0	0
Mar	101.20	100.65	101.20	100.85
Apr	100.65	100.15	0	0
May	100.15	99.65	100.20	100.15
Jun	99.80	99.30	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.23	8.75	9.25	8.53
Mar	8.87	8.42	8.94	8.26
May	8.82	8.40	8.83	8.24
Jul	8.77	8.39	8.78	8.23
Oct	8.75	8.36	8.76	8.26

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	21.70	21.81	21.78	21.67
Nov	21.67	21.72	21.71	21.60
Dec	21.58	21.63	21.62	21.53
Jan	21.47	21.51	21.51	21.44
Feb	21.37	21.39	21.40	21.33
Mar	21.24	21.24	21.25	21.20
Apr	21.10	21.11	21.11	21.06
May	20.98	21.00	21.00	20.98
Jul	20.80	20.82	20.82	20.76

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	6265	6296	6295	6220
Nov	6365	6391	6390	6330
Dec	6465	6486	6490	6420
Jan	6475	6503	6500	6430
Mar	6085	6099	6095	6065
May	5700	5719	5700	5700
Jun	5648	5670	5725	5695
Jul	5575	5589	5575	5585

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1151	1150	1152	1150
Dec	1188	1190	1195	1182
Mar	1234	1234	1239	1230
May	1260	1263	1263	1256
Jul	1283	1286	0	0
Sep	1303	1306	1297	1297
Dec	1338	1343	0	0
Mar	1373	1378	1375	1375
May	1397	1402	1399	1395
Jul	1418	1422	1412	1412

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	87.55	85.45	87.95	85.10
Dec	90.20	88.50	90.70	87.90
Mar	93.60	91.85	93.75	91.25
May	95.90	94.35	96.00	93.80
Jul	98.50	96.80	98.50	97.00
Sep	101.00	99.50	101.00	99.50
Dec	105.50	102.80	103.00	103.00

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	66.45	66.10	66.50	65.86
Dec	66.67	66.55	66.95	66.27
Mar	67.96	67.70	68.10	67.45
May	68.65	68.32	68.45	68.26
Jul	69.06	68.70	69.15	69.15
Oct	67.63	67.50	0	0
Dec	67.11	67.12	67.10	67.10

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	118.75	118.50	119.00	118.10
Nov	117.60	117.35	118.30	117.50
Jan	117.25	116.50	117.50	116.90
Mar	118.30	117.60	118.40	117.80
May	119.20	118.65	119.25	119.25
Jul	119.20	118.65	0	0
Sep	119.20	118.65	0	0
Nov	119.20	118.85	0	0
Jan	119.20	118.85	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep 5	Sep 4	mnth ago	yr ago
1659.4	1660.3	1685.9	1909.7

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep 4	Sep 3	mnth ago	yr ago
Spot	117.02	116.83	121.84	129.97
Futures	122.36	122.31	124.17	133.18

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	575/4	583/4	580/0	575/0
Nov	586/0	593/2	592/4	585/0
Jan	597/4	604/0	603/0	596/0
Mar	608/4	615/2	613/6	607/0
May	615/4	621/2	620/0	614/4
Jul	620/4	625/0	625/0	620/0
Aug	615/4	620/0	619/0	615/4
Sep	590/0	591/0	594/0	590/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	20.21	20.16	20.32	20.10
Oct	20.34	20.19	20.45	20.15
Dec	20.64	20.56	20.80	20.52
Jan	20.85	20.75	20.85	20.75
Mar	21.20	21.10	21.30	21.08
May	21.40	21.32	21.58	21.40
Jul	21.60	21.55	21.80	21.60
Aug	21.62	21.60	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	188.4	190.8	190.4	188.0
Oct	186.1	188.9	188.6	185.8
Dec	185.3	187.2	187.5	185.0
Jan	184.3	186.7	186.7	184.2
Mar	183.1	185.2	186.0	183.0
May	181.7	183.2	183.8	181.5
Jul	182.5	183.5	183.8	182.5
Aug	182.5	182.7	183.0	182.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	247/2	248/6	248/4	247/0
Dec	252/6	254/2	254/0	252/4
Mar	260/2	261/4	261/4	260/0
May	265/0	266/2	266/2	265/0
Jul	267/2	268/2	268/2	267/0
Sep	252/2	252/0	255/0	252/0
Dec	250/0	249/2	252/0	249/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	316/4	315/4	317/0	312/6
Dec	323/4	325/2	325/2	321/4
Mar	328/4	326/4	328/0	325/0
May	321/0	322/0	323/0	319/4
Jul	309/0	310/0	310/0	307/4
Sep	317/0	317/0	317/0	316/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	71.50	70.12	71.62	70.27
Dec	74.35	73.37	74.62	73.60
Feb	72.45	71.92	72.95	72.05
Apr	73.27	72.80	73.65	72.95
Jun	71.20	70.77	71.45	70.80
Aug	69.50	69.40	70.00	69.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	44.80	44.25	44.92	44.25
Dec	44.85	43.87	44.95	44.00
Feb	44.15	43.62	44.37	43.70
Apr	42.37	42.05	42.65	42.05
Jun	46.55	46.25	46.80	46.50
Jul	46.65	46.25	46.85	46.50
Aug	45.00	44.70	45.00	44.85

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	47.72	46.52	48.36	46.70
Mar	47.60	46.47	47.90	46.60
May	48.60	47.52	48.75	47.55
Jul	48.95	48.15	49.10	48.45
Aug	46.75	45.35	47.00	46.50

LONDON STOCK EXCHANGE

Outlook clouded by political factors

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Aug 12	Sep 2	Sep 16
Option Declarations:		
Aug 29	Sep 12	Sep 26
Last Dealings:		
Aug 30	Sep 13	Sep 27
Account Day:		
Sep 9	Sep 23	Oct 7

*New-time dealings may take place from 8.30 am two business days earlier.

FURTHER consideration overnight of the latest cut in domestic base rates failed yesterday to ignite a UK stock market unsettled by suggestions that share prices might have overrun themselves for the present. Hints of the impending publication of an opinion poll indicating substantially increased support for the Conservative government helped share prices to steady towards the close of trading.

After moving narrowly around overnight levels, the FT-SE Index closed last night at 2,663.3, with the fall of 1.3 on the day reflecting mixed fortunes for the blue chip stocks. Seaq-reported trading volume showed only a modest fall at 457.9m shares against 507.7m in the previous session; but traders said that the balance had tipped towards retail, or customer, activity. According to institutional dealers, fund managers were responding to the suggestions from equity strategists that the equities might have limited further upside at present by switching into stocks regarded as likely to hold on to current levels.

Beneficiaries from these tactics included Grand Metropolitan, which was strongly recommended by Panmure Gordon and Glaxo which has moved erratically recently and is now seen as offering a buying opportunity.

Much of the attention focused around the day's list of company profits news, although in the event there were few surprises on this score. Sun Alliance steadied following its dividend and profits statement but other insurance stocks were uncertain after reports, late in the day, of staff layoffs at a leading life company.

The possibility of a UK general election in November, prompted by the latest cut in domestic interest rates and the prospect of a further half point cut very soon provided a fresh cause for uncertainty among investors.

"We are now in for a season of rumours about impending opinion poll readings," commented one leading analyst. Some securities firms yesterday dusted off their forecasts of the likely effects on the stock market of, respectively, Conservative or Labour party victories in the next UK election. There was no confirmation last night of reports that this morning would bring news of an opinion poll result favouring the governing Conservative party.

Mr Ian Harnett of Strauss Turnbull agreed that the latest cut in base rates will be seen as increasing "the political risk in the market"; however, he joined with others in the stock market in suggesting that the government was still in a position to postpone a general election until June next year.

The strategy team at County NatWest, noting that the lacklustre response to this week's base rate cut confirms that the market was "well up with the good news," held to its forecast that a Footsie at 2,700 will prove a high hurdle for the near term.

There were few sellers in the market yesterday and equity analysts hesitated to suggest that the bull phase in equities was over just yet. At Kleinwort Benson Securities, Mr Simon Williams pointed out that companies have largely protected dividend growth during the recession in the UK economy. Kleinwort Benson remains confident that the Footsie Index will achieve the firm's six month target of 3,000 which, it believes, could be attained by the end of the year.

Switch boosts Glaxo

GLAXO, which is expected to report healthy full-year profits next Thursday, bucked the easier trend of international stocks yesterday by recording a rise of 20 at 1365p. The market's attention was attracted by a weighty analysis from securities house Lehman Brothers, which apparently prompted a switch by institutions from Rothmans, down 16 at 1070p.

Lehman had sent out a 470-page review of the world drug industry which looked at 140 companies. The review concluded that by the year 2,000 Glaxo would be one of the four companies to market the most significant drugs. The broker was modest about the note, arguing it "merely confirms that Glaxo is one of the most innovative drug companies".

However, the sharp rise in the shares was fuelled by a report from Reuters' wire service yesterday, which said Glaxo would be one of two "biggest winners in the race to develop blockbuster drugs by the year 2000". The report describes blockbuster drugs as those with global sales of more than $500m (£295.8m) a year.

Sun Alliance rallies

Sun Alliance closed the composite insurance sector reporting season with disappointing half-time figures, but calmed the market with a 5 per cent rise in the interim dividend and indicated an increase in the final dividend.

Sun's interim losses came out at £114m, only marginally below a comparable figure of £119m last year, and were inflated by £50m-worth of losses in the group's mortgage indemnity business.

The stock fell away to 370p in the wake of the losses which had taken many analysts by surprise. But dealers edged the share price higher after what was described as a reassuring post-results meeting with analysts. At the close the shares were a penny up on balance at 377p.

Most analysts expect Sun Alliance to report a full-year pre-tax loss of between £180m and £200m to accomodate a sharply increased mortgage indemnity loss of around £150m for the period.

Mr Andrew Goodwin, composite specialist at UBS Phillips & Drew is looking for a full-year loss of £195m but expects the dividend total to be raised by 7 per cent. The UBS analyst said he expected the shares to drift back in the short term but labelled the stock a long-term hold "given the strong dividend-paying capacity".

BTR volatile

Confusion over BTR's interim results prompted volatile performance in the share price. At first glance, the pre-tax figure of £512m coupled with a raised dividend seemed surprisingly good and the shares moved ahead 9. However, when analysts left the meeting with the company it was appreciated by the market that the profits were boosted by the recent £90m gain on the disposal of Pretty Polly, BTR's hosiery subsidiary, and the shares retreated.

The realisation that underlying profits were really far lower was coupled with a statement from the chairman that "in the UK the construction and allied markets continued their downward trend, posing difficulties to our companies". The shares ended a net 5 down at 424p after turnover of 6.9m.

At least one analyst felt the company had "shot itself in the foot" with the way it presented its accounts because once the poor results from BTR's Australian subsidiary BTR Nylex was stripped out the profits were ultimately encouraging.

Allied-Lyons added 4 at 619p on turnover of 4m as it continued to attract bid speculation. Trade was enlivened on talk that executives of US brewer Anheuser Busch, recently considered a potential bidder, had visited one of the group's breweries. However, many believe that if such a visit had taken place its aim was more likely to have been discussion of the contract to brew Budweiser, an Anheuser brand, than any bid proposal. Allied declined to comment.

Among second-line brewers, a bear squeeze was noted in Vaux, which rose 11 to 240p. Wolverhampton & Dudley shares were wanted and appreciated 6 to 573p.

Presentations by Hoare Govett and suggestions that the bank may be about to sell its New Zealand banking interest to Westpac prompted strong demand for Lloyds Bank, which ran up 9 to 399p on keen turnover of 3.4m.

Reckitt & Colman was firm in early trading as the market responded to interim results that came in above the top end of expectations. However, at its meeting with analysts the management signalled additional launch costs and said it saw no signs of recovery. After being up 15 at one stage, the shares closed off 5 on the day at 721p after turnover of 1.1m. high for the stock.

Investors took note of the outperformance of ICI and the shares dipped 15 to 1346p. Nomura Research became a seller of the stock this week, arguing that the price ignored warning signals from the German majors which reported interims last week.

Burmah-Castrol put on 9 to 598p in spite of a wave of full-year earnings downgrades after the interim figures, described by specialists as "predictably poor". The rise in the shares was attributed to the absence of a rights issue. However, analysts pointed to the unchanged dividend and 71 per cent gearing and said the share price was "up with events".

The majors were unsettled by two developments. Iraq is to be allowed to export 750,000 barrels of oil a day, against earlier expectations of 500,000 barrels a day.

BP shares were additionally restrained by a bearish note issued by Strauss Turnbull and closed unaltered at 348p.

A flurry of buying interest late in the session drove Beazer shares 11 higher to 94p; turnover reached a much-heaver than usual 10m. Details of the flotation of C.H. Beazer, encompassing Beazer's non-US businesses are expected shortly.

Blue Circle Industries edged up 3 to 271p as the market absorbed the figures, the absence of a cash-call widely suggested in the press, and what was described as a positive post-figures meeting with building analysts.

Wilson Bowden advanced 10 to 435p after delivering a rare achievement in the sector; an increase in profits. The company's profits improved from £15.2m to £15.4m and the interim dividend was lifted from 2.4p to 2.5p.

A sharp fall in Cookson's interim profits had been anticipated and the shares gained a penny to 129p. However, observers are divided over the company's prospects, and the range of forecasts for next year's full profits is said to be between £90m and £155m.

Interim figures for Courtaulds Textiles were only marginally ahead of forecasts but the increase in the dividend signalled confidence for next year and the shares jumped 14 to 410p.

Etam climbed 14 to 212p on renewed bid speculation. The shares have risen by more than 15 per cent since last week's announcement that Oceana, of South Africa, had gained only 33.6 per cent of the company in its 185p per share offer. Wickes was also sought after as it rose 6 to 70p.

Booker lost 4 to 472p after announcing interim profits up £1.7m at £37.8m, in line with analysts' forecasts. The shares initially moved ahead but then retreated as the company expressed caution on catering, distribution and the salmon price. Analysts lowered their forecasts for the full year slightly and estimates are now in a range of £108m to £112m against £110m to £115m previously.

Dalgety slipped 9 to 429p on unease before its final results on September 16. Profits of around £110m are expected, compared with £118m last time.

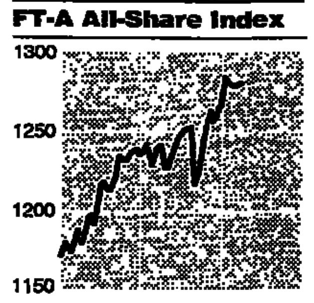
Sidlaw, the Scottish-based group which provides logistical services to the oil and gas drilling industry, moved up a further 6 to 206p.

British Airways advanced 9 to 190p as 8.5m shares changed hands amid widespread reports of buying by UBS Phillips & Drew and scattered suggestions of interest by European institutions. Turnover was boosted by a late trade of 4m shares which was recorded on the Seaq screens at 193p.

MARKET REPORTERS:
Peter John, Joel Kibazo,
Jim McCallum,
Steve Thompson.

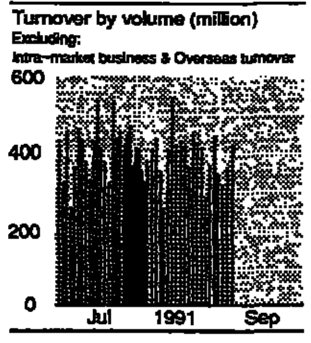
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 22.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (158).
BRITISH FUNDS (28) Treas. 8pc 1992, Tr 10½pc Cv 1992, Tr 8¼pc 1993, Tr 10pc 1993, Fd 6pc 1993, Tr 8½pc 1994, Tr.10pc 1994, Tr 9pc 1994, Ex 10¼pc 1995, Tr 9pc '92-96, Cv. 10pc 1996, Do. B, Ex. 10½pc 1997, Tr. 8¾pc 1997, Ex 9¾pc 1998, Tr 6¾pc '95-98, Ex 12pc 1998, Tr 9½pc 1999, Ex 12¼pc 1999, Tr 10½pc 1999, Cv 10¼pc 1999, Cv 9pc 2000, Tr 13pc 2000, Tr 10pc 2001, Tr 14pc '98-01, Tr 11½pc '01-04, Tr 5½pc '08-12, Tr 2pc IL 1996. BANKS (1) Secure Trust. BREWERS (4) Allied-Lyons, Greene King, Matthew Clark, Wolv. & Dudley. BUILDINGS (8) Newman-Tonks, Persimmon, Polypipe, Rugby, Ventura Plant, Wilson Bowden. CHEMICALS (4) STP, Engelhard, Porvair, Rentokil. STORES (12) Brown (N), Casket, Costa Viyella, Courts, Etam, Fine Art Devs., Forminster, Next, Pentos, Specialeyes, T & S, Wickes. ELECTRICALS (10) ACT, Black, Dowding Printing, FKI, Harland Simon, Life Sciences, Macro 4, Memvier-Swain, Microfilm Reprographics, Thorn EMI. ENGINEERING (8) Adwest, BM, Fairey, McKechnie, Spirax-Sarco, Vosper. FOODS (2) Salvesen (Ch), Wardell Roberts. INDUSTRIALS (33) Airsprung Furniture, Avon Rubber, BH Prop., BSS, Baynes (C), Betterware Cons. Prods., Brit. Polythene, Do. 7½pc Prf., Calderburn, Cathay Pacific, Cosmic, EIS, Faber Prest, Grampian, Johnson Cleaners, Kalon, MITIE, Macarthy, Mayborn, Pentland, Portals, Reckitt & Colman, Do. 9.5pc Cv. Bond, Scapa, Security Archives, Serco, Seton Healthcare, Shanks & McEwan, Sidlaw, Siebe, TT, Vinten, Williams 5¾pc Prf. INSURANCE (1) Refuge. LEISURE (3) Border TV, Central ITV, Scottish TV. MOTORS (3) Cowie (T), Sanderson Murray Elder, Vardy (Reg). NEWSPAPERS (3) Daily Mail A, News Corp, Utd. News. PAPERS (4) Repola, Shandwick, Stat-Plus, Whinney Mackay-Lewis. PROPERTY (3) Evans of Leeds, Slough Ests., Do. 8¼pc Prf., TEXTILES (2) Courtaulds, Readicut. TRANSPORT (3) Ass. Brit. Ports, Wolverhampton & Britten. TRUSTS (33) Abtrust Prf. Zero Prf., Barry [illegible] Inv., Invesco [illegible] Wrrnts., Jos. Lab. American, Lee [illegible], M & G, Mid Wynd, Murray Int., Nth. Brit. Canadian, Rathbone Bros., River & Merc. Amer. Inc., Selective Assets Tst. Inv., Do. Series II, Stratton, TR Smllr. Cos., Templeton Emrg. Mkts. Wrrnts., Throg Dual Inc., Tor Inc., Tribune. OILS (3) Fairhaven, Pittencrieff, Total B. MINES (2) ACM, Antofagasta.

NEW LOWS (16).
CANADIANS (1) Breakwater Res., STORES (1) Clinton Cards, ELECTRICALS (2) Applied Holographics, Standard Platform, INDUSTRIALS (2) Davies (DY), Melville, INSURANCE (1) Archer (AJ), PROPERTY (1) Speyhawk, OILS (1) Sceptre Res., MINES (1) Anglo-Dominion.

FINANCIAL TIMES STOCK INDICES

	Sept 5	Sept 4	Sept 3	Sep 2	Aug 30	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.70	86.38	86.30	86.16	85.96	78.81	86.70 (5/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.33	95.32	95.35	95.27	94.94	86.53	95.35 (3/9)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2092.5	2094.2	2096.4	2108.3	2079.3	1639.9	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	161.0	160.2	156.5	150.5	149.5	193.6	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2663.3	2664.6	2669.0	2679.6	2645.7	2120.9	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1196.88	1196.20	1198.60	1197.25	1189.68	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.55	4.54	4.53	4.50	4.56	5.78				
●Earning Yld %(full)	7.37	7.39	7.38	7.33	7.43	12.31				
●P/E Ratio(Net)(☆)	16.93	16.88	16.91	17.02	16.79	9.88				
SEAQ Bargns 4.45pm	28,609	30,161	30,102	29,544	34,096	17,917				
Equity Turnover(£m)†	-	895.48	791.17	682.79	777.5	795.85				
Equity Bargains†	-	30,167	30,298	29,561	34,107	17,784				
Shares Traded (ml)†	-	414.0	360.6	315.8	348.8	479.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.10

Ordinary Share Index, Hourly changes Day's High 2097.4 Day's Low 2090.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2093.9	2093.8	2094.8	2090.9	2091.3	2092.1	2092.9	2095.3	2092.5

FT-SE 100, Hourly changes Day's High 2667.8 Day's Low 2659.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2662.2	2661.2	2663.7	2659.7	2661.2	2663.2	2664.7	2667.6	2663.8

FT-SE Eurotrack 200, Hourly changes Day's High 1197.86 Day's Low 1194.05

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1195.82	1195.38	1195.51	1195.27	1195.97	1196.75	1197.38

GILT EDGED ACTIVITY

Indices*	Sept 4	Sept 3
Gilt Edged Bargains	97.0	84.5
5 – Day average	82.7	77.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index:
Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	339	503	+3	Cookson	5,500	129	+1
ASDA Group	2,600	97	+1	Courtaulds	276	497	-2
Abbey National	1,200	307	-2	Dalgety	2,600	429	-9
Albert Fisher	1,200	103	-1	De La Rue	227	480	+2
Allied-Lyons	4,000	619	+4	Dixons	1,200	264	-2
Amstrad	957	50	-½	ECC Group	932	442	-4
Anglian Water	916	387	+6	Eastern Elect.	1,400	191	+8
Argos	242	331	-3	East Midland Elect.	714	213	+5
Argyll Group	2,300	311	+3	Enterprise Oil	305	519	-3
Arjo Wiggins	352	285	+1	Eurotunnel Units	233	480	-5
Ass. Brit. Foods	1	512	-2	FKI	2,300	72	+2
[illegible]				[illegible]			
British Land	155	312	-1	IMI	309	362	-1
BP	3,300	348		ICI	917	1346	-15
British Steel	959	127½	+1	Inchcape	1,000	594	-1
British Telecom	2,700	386	-1	Kingfisher	1,600	582	-5
Bunzl	3,400	103	-1	Ladbroke	1,900	282	-4
Burmah Castrol	1,000	598	+9	Land Securities	145	528	-½
Burton	16,000	49¼	+2½	Laporte	17	591	-1
Cable & Wire.	1,500	581	-6	Legal & General	695	448	-4
Cadburys	1,300	398	-1	Lloyds Abbey	775	424	+1
Calor Group	20	229		Lloyds Bank	3,400	399	+9
Carlton Comms.	29	504	+3	LASMO	982	317	-4
Coats Viyella	2,600	176	+6	London Elect.	1,000	212	+6
Comm. Union	137	520	-3	Lonrho	393	236	-1½

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
Lucas	296	158	-2	Seaboard	123	211	+1
MB Caradon	618	271	+5	Severn Trent Water	3,400	354	+5
MEPC	24	465½	-½	Shell Transport	1,800	530	-3
Manweb	453	258	+2	Siebe	898	525	+2
Marks & Spencer	1,800	287	-2	Slough Ests.	216	273	+1
Maxwell Comms.	393	186	+2	Smith (W.H.) A	423	466	-2
Midland Bank	1,600	294		Smith & Nephew	973	137½	+½
Midlands Elect.	477	207	+1	SmKl Beecham	1,000	797	-5
NFC	918	206		SmKl Beecham Uts.	69	3455	-26
NatWest Bank	2,400	349	+3	Smiths Inds.	193	387	
National Power	2,500	157½	+1	Southern Elect.	527	205	+2
[illegible]				[illegible]			
Rentokil	4	382	+1	Unigate	258	322	-2
Reuters	151	906		Unilever	1,300	770	+3
Rolls Royce	1,800	138		United Biscuits	346	387	-4
Rothmans	1,500	1070	-16	Utd. Newspapers	405	369	
Ryl Bk Scotland	501	188		Wellcome	530	733	-4
Royal Insurance	917	389	-2	Welsh Water	685	384	+13
Saatchi	4,600	15½	-½	Wessex Water	205	389	+7
Sainsbury	1,300	374	+1	Whitbread 'A'	286	469	+2
Scottish & New.	558	414	+1	Williams Hldgs.	2,300	358	+4
Scot. Hydro-Elect.	5,400	114	+2	Willis Corroon	153	301	-2
Scottish Power	6,700	108½	+½	Wimpey	1,300	187	+9
Sears	2,900	89	-1	Yorkshire Elect.	291	241	+2
Sedgwick	1,000	265	-5	Yorkshire Water	173	419	+4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A PROGRAMME trade was executed in the options market yesterday for the first time in almost three years, raising hopes that investor interest is begining to stir in the depressed traded options market, writes Jim McCallum.

The transaction was spread across 60 stock options and amounted to 3,000 contracts or 3m shares. The programme was weighted towards the sell side. All the options were at-the-money calls, which makes them a close substitute for stock.

According to Société Générale Strauss Turnbull the trade took a neutral view on the immediate outlook for the stock market. But the illiquidity in some stock options made some parts of the trade more difficult to execute.

Elsewhere on the options market, buyers of BTR November 390 and 420 puts and sellers of 420 calls helped to depress the shares in the wake of its interim results.

The equity futures market was taking a more cautious outlook on the immediate prospects for the share market after its recent gains.

The September FT-SE closed at 2,682, up 3 points. Its premium to the spot index ended at 19 points, against fair value of 10, which dealers said was neutral to mildly bullish.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
101½	94⅝	Treas 10pc 2003	101½	+⅜	9.86	9.80
109⅛	102	Treas. 11½pc 2001-04	109⅛	+⅜	10.54	9.99
[illegible]						

Over Fifteen Years

Undated

Index–Linked

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
105⅛	95⅞	African Dv Bk 11¼Ln 2010	105⅛	+⅛	10.59	10.48
100⅜	91⅞	AsLan Dev Bk 10¼pcLn2009	99⅞	+⅜	10.25	10.25
[illegible]						

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

Public Board and Ind.

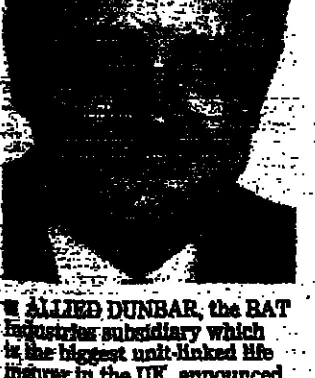
FOREIGN BONDS & RAILS

[illegible]

Continued on next page

APPOINTMENTS

Chief for Allied Dunbar



■ ALLIED DUNBAR, the BAT Industries subsidiary which is the biggest unit-linked life insurer in the UK, announced that Mr George Greener (pictured) will become its chief executive and join the board once approval has been received from the insurance division of the Department of Trade and Industry.

Mr Brian Garraway, deputy chairman of BAT and currently executive chairman of Allied Dunbar, will remain chairman of the latter's board.

Mr Greener is joining Allied Dunbar with immediate effect from Mars Corporation, where he has been managing director of the UK confectionery business since 1986. From 1990, he has also been responsible for the Mars businesses in five European countries with a combined turnover, including the UK, of about £800m.

■ Mr Roger Kirkland has been appointed director of international sales for SANKYO SEIKI (UK), the recently launched subsidiary of the Japanese group Sankyo Seiki Manufacturing, one of the world's largest manufacturers of precision electronic components.

Before joining Sankyo, Mr Kirkland was responsible for the launch and development of the UK subsidiary of California Peripherals (Caliper).

■ TPS COMMUNICATIONS named Mr Alan Hynes as managing director. Mr Hynes, formerly financial director of LBW, will be responsible for the co-ordination of operations in London and Edinburgh offices.

■ Mr Ted Greey, a director with the Birmingham based stockbrokers and financial advisers Albert E. Sharp, has been appointed chairman of the Midlands and Western Region of the London Stock Exchange.

The Midlands and Western district has been reinstated following the Stock Exchange's current reconstruction of its administrative functions both in London and the regions.

He is taking over as chairman from Mr Ian Wade, who continues to operate as chairman of the private client department of Albert E. Sharp.

Mr Greey was chairman of the Birmingham Stock Exchange in 1975 and of the Midlands and Western Stock Exchange in the 1979-80 period. He was also a member of the London Stock Exchange Council from 1985 to 1988 and chairman of the Regional Council.

■ ROPNER, the engineering, shipping and property group, has appointed Mr Alan P. Theakston as a director of the company. He is also group company secretary.

■ BERNARD THORPE, the independent property advisers, said its recently formed professional services division will be headed by new partner Ms Claire Makin *(pictured)*. This London based division handles the firm's valuation, Landlord and Tenant, and rating work.

In 1987, Ms Makin became the first ever woman partner at chartered surveyors Richard Ellis. She joins Bernard Thorpe from Price Waterhouse where, as a supervising consultant, she helped to set up its eastern European network.

■ BEAR STEARNS HOME LOANS named Mr Frank Butler as executive director – sales and marketing. He formerly served with The National Home Loans Corporation as director of mortgage sales.

■ Mr David Riddle has been appointed an assistant director in the international equity team of LLOYDS INVESTMENT MANAGERS, with responsibility for the management of Far East investments in pension fund portfolios. He previously worked for Barclays de Zoete Wedd.

■ HILL MARTIN, the London and Bristol-based financial planning and investment management company, has appointed Mr Andrew James as mortgage and finance manager, based in the Bristol office.

Mr James was Swindon branch manager for the Alliance and Leicester Building Society.

■ Mr Eric Beasey, chairman of Hereford Galvanizers Group, is the newly elected chairman of the Birmingham based GALVANIZERS ASSOCIATION. He urges members to take a lead from European galvanizers in a bid to win a bigger market share.

LONDON SHARE SERVICE

AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20¾	Abbott Laboratories	31½	.....	$1.00	–	1.9
385p	257p	♥Allegheny & W 1c	288p	+29	30c	–	6.2
10¼	667p	Amdahl 5c	827p	+8	10c	–	0.7
42¼	25¼	Amer. Cyanamid $5	37¼	–⅛	$1.50	–	2.4
17⅞	9½	Amer Express 60c	15½	+⅛	92c	–	3.5
24½	15¼	American T & T $1	23¼	+⅛	$1.32	–	3.4
38¾	32½	Ameritech $1	35¾	–⅛	$3.40	–	5.6
26	12	BankAmerica $1½	25¼	+¼	$1.20	–	2.8
35⅝	20	Bankers N.Y. $1	34½	–⅛	$1.52	–	8.3
30½	24¼	Bell Atlantic $1	29	–½	$2.52	–	5.1
31¼	25	BellSouth Corp	29	+⅛	$2.76	–	5.6
11¼	6	♥Bethlehem Steel $8	10	+⅛	40c	–	2.2
1839p	1046p	Bowater Inc	1624p	–7	$1.20	–	4.4
54	37	CPC Intnl. 25c	54	+⅛	$2.00	–	2.2
930p	420p	California Engy	930p	.....	–	–	–
50	28¼	Campbell Soup 15c	48¼	–1¼	$1.16	–	1.4
12¼	5	Chase Manhattan $12½	12¼	+⅛	$1.20	–	5.8
9	5½	Chrysler $6¼	7	–⅛	60c	–	5.1
10¾	5⅞	Citicorp $1	8½	–⅛	$1.00	–	6.9
25	21	Colgate-Palmolive $1	24	–⅛	$1.06	–	2.6
928p	438p	Cont'l Bank Corp $4	723p	–8	60c	–	4.9
21⅝	13	Dana Corp. $1	18	.....	$1.60	–	5.3
1168p	203p	Data General	1122p	–14	–	–	–
22¼	12¾	Dial Crop. $1.5	21¼	+¼	$1.40	–	3.8
29⅝	20¼	Dun & Bradstreet $1	25⅝	–¼	$2.16	–	5.0
40	24¼	Eaton Corpn. 50c	38	+⅛	$2.20	–	–
8½	5½	Echlin Inc	7	.....	70c	–	5.3
20½	14	FPL Group 1c	19	.....	$2.40	–	7.3
30	17	Fluor Corp 62½pc	26	–⅛	32c	–	0.7
23¼	13½	Ford Motor $1	17¾	–⅛	$1.60	–	3.4
46	28	Gen. Elect. 63c	43	–⅛	$2.04	–	2.8
566p	270p	♥General Host Corp $1	443p	–10	34c	–	4.5
45¼	20¾	Gillette $1	25	–¼	62c	–	1.4
18¼	794p	Hasbro Inc 50c	16	.....	24c	–	0.9
38½	21¼	Honeywell $1½	32	–⅛	$1.50	–	2.7
23⅝	17⅞	Houston Inds	22¼	+⅛	$2.96	–	7.9
72	55	IBM Corpn $1¼	58¼	+⅛	$4.84	–	4.9
32½	18	Ingersoll-Rand $2	28	+⅛	$1.32	–	2.7
28⅛	16⅝	Lockheed Crpn $1	24¼	–⅛	$2.00	–	4.8
2155p	1245p	Lowe's 50c	1978p	–22	56c	–	1.7
18¾	9½	Manuf. Hanover $1	17	–⅛	†$3.28	–	11.0
26	10	Merrill Lynch $1	24¼	–⅛	$1.00	–	2.4
33⅞	21	Morgan (JP) $2½	32⅞	+⅛	$1.98	–	3.6
44¼	25	Morris (Philip)	43½	–⅛	$2.10	–	2.9
46¼	39	NYNEX $1	44½	–⅛	$4.56	–	6.1
89p	15p	♥Pac. Agricultural	15p	.....	–	–	–
23	11¾	Pall Corp. 25c	22¾	–¼	b44c	–	1.1
46⅝	33¼	Pennzoil 83 1/3c	39	–⅛	$3.00	–	4.5
40½	24¾	Quaker Oats $5	35½	+⅛	$1.56	–	2.6
41¼	24	Rep NY Corpn $5	40	–⅛	$1.40	–	2.0
17⅜	12¼	Rockwell Intl. $1	15	–⅛	86c	–	3.5
25⅛	12	Sears, Roebuck 75c	23⅛	–⅛	$2.00	–	5.0
34¼	25⅝	Southwestern Bell $1	32⅝	–⅛	$2.84	–	5.1
20¼	14	Sun Co. Inc. $1	19¼	+⅛	$1.80	–	5.6
27¼	21¼	Tenneco $5	24½	+⅛	$3.20	–	7.3
40½	29	Texaco $6.25	37⅝	+⅛	$3.20	–	5.0
26⅛	17¼	Texas Instr. $1	18⅛	–⅛	72c	–	2.3
*64½	37⅞	Time Warner $1	48¼	+⅛	$1.00	–	1.2
16⅞	8⅞	TRINOVA Corp	14½	+⅛	68c	–	2.8
538p	250p	♥Unitab	512p	.....	–	–	–
29½	22⅜	Utd. Technologies	27⅜	–¼	$1.80	–	3.8
92p	42p	♥Utilitech Inc	82p	.....	–	–	–
23	18¼	US West	21½	+⅛	$2.08	–	5.7
162p	87½p	Varity Corp	138p	–8	$1.30	–	–
24	16⅝	Waste Management $1	22¼	–⅛	44c	–	1.2
2200p	1053p	Whirlpool $1	2126p	–43	$1.10	–	3.1
20	13½	♥Woolworth $3½	17¼	–⅛	$1.08	–	3.6

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LONDON SHARE SERVICE

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
£64¼	£35¾	Hemlo Gold Mines	£44¾	–¼	[illegible]	–	2.3
£11¼	£7¾	Homestake Mining $1	£9¼	+¼	[illegible]	–	1.3
61	30	††Ivernia West ... γ	54	.....	–	–	–
46	35	††Kells Mins. Ir5p ... γ	35	.....	–	–	–
25	9	♦Kenmare ... γ	11	+½	–	–	–
18	15	††Navan Resources ... γ	18	.....	–	–	–
99	52	Northgate Expl C$1	67	–1	–	–	–
16	5	North West Explo.	5	.....	–	–	–
188	82	Oryx Gold Hldgs.	136	+1	–	–	–
23	11	††Ovoca Gold IR 2p ... γ	13	–1	–	–	–
44	18	Plateau Mining 20p ... β	19	.....	–	–	–
605	404	RTZ 10p ... α	592	.....	19.5	2.2	4.4
11	3¼	♦Thorco Res. Inc ‡	10½	.....	–	–	–
10	4	♦Vizcaya Hldgs 5p ... β	4	.....	–	–	–
133	118	♦Young Group 10p ... β	122	.....	5.2	1.8	5.7

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♠ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∥ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Craig & Rose £1 ... β	640	.....
Finlay Pkg. 5p ... β	20	.....
Holt (Jos) 25p ... β	1975	.....

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 2010	£94½	.....
9pc Cap Ln. 1996	£98½	.....
Fin. 13% 97/02	£114	.....
Arnotts	175	.....
Heiton Hldgs. ... γ	45xd	.....
IRG	130	.....
United Drug	180	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	80
Grand Met.	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk	27
P & O Dfd	51
Racal Elect.	18
RHM	28
Rank Org Ord.	43
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	22
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	25
Unilever	60
Vickers	19
Wellcome	40

Property

Stock	p
Brit Land	38
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Stock	p
Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines

Stock	p
Lonrho	21
RTZ	46

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E. Lothian 062 082 5867

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
MW John Investors	0	1065.0	1065.0	1096.9	.....	4.31

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Maldon General	0	118.1	118.1	121.1	.....	5.47

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings: 071-256 5858

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth Units	5¼	139.0	140.3xd	149.3	-0.4	3.60
Gilt & Fxd Int	5	149.0	149.0	156.7	-0.1	8.04
Intl Growth	5¼	147.7	147.7	157.1	-0.7	0.44
North American ♥	5¼	99.81	101.1xd	107.5	-0.9	0.30
Far East	5¼	115.6	115.6	123.0	+0.9	0.51
UK Smaller Cos	5¼	103.5	103.5	110.1	+0.8	3.05
European	5¼	53.76	53.76	57.30	-0.15	0.94
Japanese Growth	5¼	35.63	35.63	38.18	+0.32	0.00
Managed P'folio	5¼	50.43	50.83	54.07	-0.08	1.30
High Income	5¼	156.8	158.3	168.6	-0.2	5.55
High Yielding Gilt	5¼	61.37	61.37xd	64.62	+0.03	10.31
Cash		51.76	51.76	51.76	+0.01	9.37

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries: 071-826 0123

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5¼	167.8	167.8	179.1	-1.6	0.81
European Gth Inc	5¼	200.2	200.2	213.4	-0.6	0.00
European Gth Acc	5¼	200.2	200.2	213.4	-0.6	0.00
Intl Gwth	5¼	144.0	144.0	153.4	+0.2	0.00
UK Equity Inc	5¼	124.0	124.0	133.2	-0.2	6.07
UK Equity Acc	5¼	139.6	139.6	150.0	-0.2	6.07
UK Ind Tracker Inc	5	127.6	127.6xd	136.2	-	3.62
UK Ind Tracker Acc	5	138.7	138.7xd	148.0	.....	3.62
US Eq Ind Tracker Inc	5	145.9	145.9xd	156.4	-0.9	2.88
US Eq Ind Tracker Acc	5	151.5	151.5xd	162.4	-1.0	2.88
Japan Tracker	5	60.28	60.28	63.93	+0.41	0.00
Asian Tracker	5¼	84.08	84.08	89.94	-0.59	1.49
Managed Inc	5¼	102.4	102.4	110.1	-0.1	1.90
Managed Acc	5¼	104.1	104.1	111.9	-0.1	1.90
Cash Inc	0	100.59	100.99	100.59	+0.02	10.38
Cash Acc	0	110.46	110.46xd	110.46	+0.02	10.38
Europa	5¼	104.8	104.8xd	112.2	-0.1	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AD 081-686 9818

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exempt Unit Tst	4	121.31	121.31	128.88	+0.9	2.60
Exempt Smllr Cos	3¼	234.80	234.80	254.35	+1.35	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Century Life Plc

2 Eyre Street Hill, London EC1R 5AE 071-278 4488
City Of Edinburgh Life Assurance

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Far East Emerg Econ	38.8	40.8	-0.1	-
Fund of Inv Tsts	61.6	64.7	.....	-
Money	153.3	161.0		-
Special Situations	87.6	92.0	-0.2	-
UK Growth	132.5	139.1	-0.4	-
World Growth	117.6	123.5	-0.2	-
Pension Funds				
Fund of Inv Tsts	138.1	145.0	+0.1	-
Special Situations	129.6	136.1	-0.3	-
UK Growth	221.2	232.3	-0.6	-
World Growth	145.5	152.8	-0.2	-
UK Life Assurance				
Managed	106.3	111.9	+0.3	-
Property	127.6	134.3	-2.7	-
Equity	136.7	143.9	-0.3	-
International	91.5	96.3	+1.2	-
Fixed Interest	119.7	126.0	-1.4	-
Deposit	136.0	143.2	..	-
Langham "A" Plan	113.7	119.6	.....	-
Langham Prop Bond	612.0	644.2	...	-
Langham Wisp Managed	173.2	182.3	...	-
Pension Funds				
Managed Capital	80.9	85.2	+0.3	-
Managed Accum	120.8	127.2	-0.3	-
Property Capital	100.9	106.2	-2.9	-
Property Accum	150.4	158.3	-5.2	-
Equity Capital	107.4	113.1	-0.3	-
Equity Accum	160.4	168.9	-1.4	-
Intl Capital	65.9	69.3	+1.1	-
Intl Accum	98.2	103.4	+1.1	-
Fxd Int Capital	95.6	100.6	-1.7	-
Fxd Int Accum	142.5	150.0	-3.3	-
Deposit Capital	120.3	126.7	--	-
Deposit Accum	179.7	189.2	-1.0	-

Eagle Star Life Assurance Co Ltd

Bath Road, Cheltenham GL53 7LQ 0242 221 311

	Bid Price	Offer Price	+ or -	Yield Gross
Secure Fund	150.4	158.4	+0.1	-
Blue Chip Fund	187.0	196.9		-
Performance Fund	183.0	192.7	-0.1	-
Adventurous Fund	162.3	170.9	...	-
Blue Chip Fd (2nd Series)	118.0	124.3		-
Performance Fd (2nd Ser)	115.9	122.1	-0.1	-
Adventurous Fd (2nd Ser)	119.2	125.5	.....	-
UK Pref & Fixed Int Fd	111.0	116.9		-
UK Equity Fund	116.2	122.4	....	-
Property Fund	99.8	105.1		-
Environmental Opps Fd	113.7	119.7		-
European Fund	104.5	110.0	-0.4	-
North American Fd	135.1	142.3	-1.5	-
Oriental Opps Fund	118.5	124.8	...	-
Japanese Fund	102.9	108.4	+1.4	-
Bristol & West Life Fd	102.8	108.3		-
Pensions Secure	163.2	171.8	+0.1	-
Pensions Blue Chip	161.6	170.2		-
Pensions Performance	125.4	132.0	-0.1	-
Pensions Adventurous	116.2	122.4		-
Pensions With Profits	103.3	108.8	+0.1	-
Pens UK Pref & Fxd Int	107.3	113.0		-
Pens UK Equity	122.2	128.7	-0.1	-
Pens Property	97.0	102.2	+0.1	-
Pens Environmental Opps	122.0	128.5		-
Pens European	106.9	112.6	-0.5	-
Pens Nth American	129.3	136.2	-1.6	-
Pens Oriental Opps	120.5	126.9		-
Pens Japanese	112.7	118.7	+1.6	-
Pens Unitised With Profits	154.2	162.3	-0.1	-
Bristol & West Pens Fd	106.5	112.2	..	-

Eagle Star Insur./Midland Assur.

60 St. Mary Axe, London EC3 071-929 1111

	Bid Price	Offer Price	+ or -	Yield Gross
Eagle/Mid. Units	217.5	225.4	-0.4	4.06

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Eurolife Assurance Group				
Eurolife Hse, 16 St John St ECIM 4AY 071-454 1151				
Sterling Eurobond Fd	182.2			-
Intnl Eurobond Fd	177.4			-
Discretionary Fund	125.3			-
Finexco International Ltd				
PO Box 193, St Peter Port, Guernsey 0481 713100				
Intl $ Strategy Fd	$1.106	1.190	+0.013	-
Intl £ Strategy Fd	£1.331	1.432	+0.010	-

	Bid Price	Offer Price	+ or -	Yield Gross
Independent Financial Group PLC				
Hornbeam Park, Harrogate, HG2 8QT 0423 873636				
Life Managed Funds				
APM Managed (SkHol)	175.1	184.3	+1.0	-
APM B I & Growth	114.9	121.0		-
APM Bond Fund (Target)	103.6	109.1		-
APM Univ Bd (S & P)	51.1	54.1	+0.5	-
Pensions Managed Funds				
APM Exclusive Pen (RHI)	154.3	162.4	+2.6	-
APM Magd Pen (SkHol)	667.9	703.0	+0.3	-
APM Magd Pen (Target)	83.2	87.4	+0.3	-

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Lion World Fixed Income Fund						
Albert Hse, 5th Esplanade, St Peter Port 0481 713996						
Lion World			99.302	99.447	-	-
Lloyds Intl Money Market Fund Ltd						
Sarnia Hse, Le Truchot, St. Peter Port, Gsy 0481 724983						
Lloyds Bank Fund Managers (Guernsey) Ltd						
Australian Dollar		A$-	65.922			9.86
Canadian Dollar		C$-	23.225			7.76
Deutschemarks		DM-	67.972			8.57
ECU's		Ecu-	28.030			9.53

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$26.10	26.99	+0.20	1.05
Japan Tech	$58.48	61.41	+0.23	-
Japan Fund	$24.64	25.88	+0.17	0.17
Japan New Gen Fd	$18.82	19.76	-0.18	-
Malay Sing	$53.66	56.35	+0.05	0.31
Nth American	$21.87	22.97	-0.10	0.58
Octopus Fund	$21.42	22.50	-0.04	0.86
Pacific Fd	$61.39	64.46	+0.11	-
International Bond	$16.73	17.57	+0.04	6.89
Eurobond Fund	$13.05	13.71	+0.03	-
British Screen Fd	£0.94	0.99		-
Trojan Warrant	$10.92	11.47	+0.10	-
Hong Kong	$49.04	51.50	-0.16	3.09
Magd Portfolio (Stg)	£4.27	4.60	-0.01	-
Magd Portfolio (Dlr)	$10.19	10.75	-0.03	-
Currency Fd-Sterling	£19.95		+0.05	-
Currency Fd-US Dollar	$15.28			-
Cur Fd-Deutschemark	DM40.25		+0.01	-
Cur Fd-Managed $	$42.72	45.90	+0.05	-
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Svc Series*	$1.00		----	5.70
Investment Series*	$1.00		----	5.70
*Annualised Yield				

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
Intl Credit Portfolio	6	[illegible]	1.0001	1.0604	[illegible]	7.65
Gilt	3	[illegible]	0.9445	0.9739	[illegible]	10.27
For MIM see INVESCO MIM						
Royal Trust Jsy Fd Magt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	55.72	55.72xd	58.20	+0.07	9.62
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	103.23	103.23	106.35	+0.03	10.58
Gilt & Fixed Interest	3	104.60	104.60	107.74	-0.26	8.96
Blue Chip & Gilt Edged	5	52.31	52.31	55.67	-0.02	5.59
International Bond	5	110.11	110.11	115.62	+0.15	6.93
UK Equity	5	126.72	126.72	137.69	-0.33	1.00
International Equity	5	115.21	115.21	123.18	-0.30	0.00
Far Eastern	5	92.14	92.14	98.81	+0.78	0.00
European	5	88.60	88.60	93.77	+0.32	0.00
Pan American	5	142.77	142.77	152.01	-3.01	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	98.10	98.10	101.31	----	10.17
Monthly Share	3	96.05	96.05xd	99.18	----	10.39

ISLE OF MAN (SIB RECOGNISED)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas IoM 0624 661551						
ADI Managed(s)	5	[illegible]	0.5758	0.6132	[illegible]	-
ADI Intl Currency(s)	5	[illegible]	0.3803	0.4002	[illegible]	-
ADI Worldwide Equity	5	[illegible]	0.6485	0.6619	[illegible]	-
ADI Gold Equities(s)	5	[illegible]	0.7445	0.7929	[illegible]	-
[illegible]						

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling		£20.97	+0.01	9.8
US Dollar		$31.20		4.7
Deutschemark		DM54.50	+0.01	7.7
Yen		Y4,006	+0.001	5.9
[illegible]				

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling firm

THE DOLLAR was firm ahead of today's US employment report, while sterling had a good tone despite Wednesday's cut in British interest rates and expectations of further reductions.

Dollar sentiment has been weak since the currency failed to gain support from a strong August purchasing managers (NAPM) index and July construction spending on Tuesday, but there was a move to cover short positions yesterday ahead of the employment figures.

A rise to 6.9 from 6.8 per cent in the August unemployment rate has been generally forecast, but there are wide variations in expectations of non-farm payrolls. A similar figure to July's fall of 51,000 would prompt speculation about lower US interest rates and weaken the dollar, but most economists are looking for an increase. The median of market forecasts is for a rise of about 50,000.

Comments yesterday by Mr John Laware, a Federal Reserve Board governor, were encouraging. He said the US economy is in the early stages of recovery and predicted that real gross national product will expand at 3 to 4 per cent during the second half of the year.

At the *London* close the dollar had improved to DM1.7400 from DM1.7365; to Y135.85 from Y135.45; to SFr1.5275 from SFr1.5240; and to FFr5.9075 from FFr5.9000. On Bank of England figures the dollar's index rose to 66.3 from 66.2.

Sterling showed no sign of political nervousness, as speculation built up about a possible UK general election in November. In fact the pound appeared to be supported by the political situation following an opinion poll last week-end giving the ruling Conservatives a lead over the Labour Party.

This week's reduction in UK bank base rates and expectations of another cut in the near future have not had an adverse impact on sterling. The market has taken the view that lower rates will increase the chances of the present government remaining in power, and it therefore reduces the political risk of holding the currency.

Sterling eased 10 points to $1.6930, but rose to DM2.9450 from DM2.9425; to FFr10.0025 from FFr9.9950; to SFr2.5850 from SFr2.5825; and to Y230.00 from Y229.50. The pound's index was unchanged throughout at 91.0.

The only change in position among members of the European exchange rate mechanism was sterling's move up above the Irish punt in the grid. Trading was quiet in the ERM, with the D-Mark steady in the middle of the system and the French franc anchored at the bottom. The D-Mark eased to FFr3.3972 from FFr3.3986 at the Paris fixing.

A factor causing some distortion to currency trading at present is demand for the yen by Japanese companies, repatriating funds to Tokyo ahead of this month's financial half-year end. This is keeping the yen relatively firm although there was no obvious independent move by the currency yesterday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 5	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.016	-4.20	5.66	73
Italian Lira	1538.24	1532.18	-0.39	1.62	26
Belgian Franc	42.4032	42.2809	-0.29	1.51	20
Dutch Guilder	2.31643	2.31375	-0.12	1.34	12
D-Mark	2.05586	2.05437	-0.07	1.29	13
Sterling	0.696904	0.697287	0.05	1.16	-2
Irish Punt	0.767417	0.768130	0.09	1.12	2
Danish Krone	7.84195	7.92856	1.10	0.11	-44
French Franc	6.89509	6.97907	1.22	0.00	-60

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Sep.5	Latest	Previous Close
£ Spot	1.6920-1.6930	1.6945-1.6955
1 month	0.67-0.66pm	0.70-0.68pm
3 months	1.88-1.85pm	1.95-1.92pm
12 months	6.33-6.23pm	6.57-6.47pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep.5	Previous
8.30 am	91.0	91.0
9.00 am	91.0	91.0
10.00 am	91.0	91.0
11.00 am	91.0	91.0
Noon	91.0	91.0
1.00 pm	91.0	91.0
2.00 pm	91.0	91.0
3.00 pm	91.0	91.0
4.00 pm	91.0	91.0

CURRENCY MOVEMENTS

Sep 5	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.0	-20.5
U.S Dollar	66.3	-12.6
Canadian Dollar	106.3	+3.3
Austrian Schilling	108.8	+11.4
Belgian Franc	110.2	-2.7
Danish Krone	107.8	+2.6
D-Mark	116.4	+23.4
Swiss Franc	108.2	+16.8
Dutch Guilder	112.9	+15.2
French Franc	101.8	-13.8
Lira	98.3	-20.6
Yen	139.0	+71.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Sep.4

CURRENCY RATES

Sep 5	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.790747	0.697287
U.S Dollar	5.50	1.33997	1.18169
Canadian $	8.84	1.52965	1.34819
Austrian Sch	7.50	16.3859	14.4533
Belgian Franc	8.00	47.8619	42.2809
Danish Krone	9.50	8.98148	7.92856
D-Mark	7.50	2.32744	2.05437
Dutch Guilder	8.00	2.61941	2.31375
French Franc	10¼	7.91223	6.97907
Italian Lira	11½	1737.44	1532.18
Japanese Yen	5.50	182.095	160.367
Norway Krone	8	9.08211	8.02227
Spanish Peseta	-	144.884	128.016
Swedish Krona	10.00	8.44016	7.45647
Swiss Franc	7.00	2.03936	1.80267
Greek Drach	19	N/A	227.003
Irish Punt	-	N/A	0.768130

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Sep.4

OTHER CURRENCIES

Sep 5	£	$
Argentina	16767.7 - 16794.5	9910.00 - 9920.00
Australia	2.1540 - 2.1560	1.2715 - 1.2725
Brazil	672.55 - 673.450	397.500 - 397.800
Finland	4.2295 - 4.2325	4.2295 - 4.2325
Greece	321.450 - 327.850	189.640 - 193.440
Hong Kong	13.1330 - 13.1460	7.7530 - 7.7550
Iran	115.00*	68.40*
Korea(Sth)	1242.90 - 1262.95	735.00 - 743.80
Kuwait	0.49200 - 0.49235	0.29070 - 0.29080
Luxembourg	60.55 - 60.65	35.75 - 35.85
Malaysia	4.7060 - 4.7140	2.7780 - 2.7800
Mexico	5157.20 - 5161.95	3048.00 - 3049.00
N.Zealand	2.9205 - 2.9240	1.7240 - 1.7260
Saudi Ar.	6.3185 - 6.3955	3.7500 - 3.7510
Singapore	2.9095 - 2.9165	1.7170 - 1.7190
S Af (Cm)	4.8500 - 4.8615	2.8570 - 2.8600
S Af (Fn)	5.4125 - 5.5005	3.1950 - 3.2470
Taiwan	45.05 - 45.15	26.60 - 26.65
U.A.E.	6.1865 - 6.2635	3.6715 - 3.6735

* Selling rate

POUND SPOT - FORWARD AGAINST THE POUND

Sep 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6900 - 1.6970	1.6925 - 1.6935	0.67-0.65cpm	4.68	1.90-1.87pm	4.45
Canada	1.9290 - 1.9365	1.9320 - 1.9330	0.35-0.26cpm	1.89	0.85-0.72pm	1.62
Netherlands	3.3125 - 3.3235	3.3125 - 3.3225	⅛-¼cpm	1.13	⅜-⅝pm	0.90
Belgium	60.45 - 60.80	60.55 - 60.65	13-6cpm	1.88	24-16pm	1.32
Denmark	11.3430 - 11.3905	11.3625 - 11.3725	1-¼orepm	0.66	1⅜-¼pm	0.44
Ireland	1.0990 - 1.1060	1.0990 - 1.1000	0.10-0.06cpm	0.87	0.21-0.11pm	0.58
Germany	2.9425 - 2.9495	2.9425 - 2.9475	⅜-¼pfpm	1.27	⅞-⅝pm	1.02
Portugal	251.15 - 252.50	251.40 - 252.40	64-116cdis	-4.29	243-347dis	-4.68
Spain	183.10 - 184.00	183.25 - 183.55	25-33cdis	-1.90	83-102dis	-2.02
Italy	2193.45 - 2201.20	2195.25 - 2196.25	1-3liredis	-1.09	6-8dis	-1.28
Norway	11.4800 - 11.5275	11.5000 - 11.5100	⅝-⅛orepm	0.39	½-⅜pm	0.15
France	9.9865 - 10.0210	9.9975 - 10.0075	1-¾cpm	1.05	2¼-2pm	0.87
Sweden	10.6695 - 10.7105	10.6825 - 10.6925	⅛pm-⅛oredis	-	1⅜-1¼pm	0.68
Japan	229.25 - 230.25	229.50 - 230.50	⅝-½ypm	2.93	1⅝-1⅜pm	3.15
Austria	20.69 - 20.76	20.70 - 20.73	2½-1½gropm	1.16	6⅝-4⅛pm	1.03
Switzerland	2.5800 - 2.5900	2.5800 - 2.5900	⅝-½cpm	2.32	1½-1¼pm	2.13
Ecu	1.4305 - 1.4370	1.4330 - 1.4340	0.10-0.05cpm	0.63	0.19-0.11pm	0.42

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.49-3.44cpm . 12 Month 6.43-6.33cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Sep 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6900 - 1.6970	1.6925 - 1.6935	0.67-0.65cpm	4.68	1.90-1.87pm	4.45
Ireland†	1.5350 - 1.5390	1.5370 - 1.5380	0.50-0.45cpm	3.71	1.47-1.37pm	3.69
Canada	1.1400 - 1.1415	1.1405 - 1.1415	0.25-0.28cdis	-2.79	0.79-0.84dis	-2.86
Netherlands	1.9555 - 1.9615	1.9595 - 1.9605	0.57-0.60cdis	-3.58	1.75-1.80dis	-3.62
Belgium	35.70 - 35.85	35.75 - 35.85	9.00-11.00cdis	-3.35	27.50-33.50dis	-3.41
Denmark	6.7020 - 6.7225	6.7125 - 6.7225	2.10-2.40oredis	-4.02	6.60-7.30dis	-4.14
Germany	1.7345 - 1.7415	1.7395 - 1.7405	0.49-0.51pfdis	-3.45	1.53-1.56dis	-3.55
Portugal	148.70 - 148.90	148.80 - 148.90	107-117cdis	-9.03	335-355dis	-9.27
Spain	108.15 - 108.50	108.40 - 108.50	57-62cdis	-6.58	172-180dis	-6.49
Italy	1294.25 - 1298.15	1296.75 - 1297.25	6.00-6.50liredis	-5.78	18.50-19.50dis	-5.86
Norway	6.7800 - 6.8000	6.7925 - 6.7975	2.35-2.65oredis	-4.42	7.40-8.00dis	-4.53
France	5.8990 - 5.9155	5.9050 - 5.9100	1.76-1.81cdis	-3.63	5.38-5.48dis	-3.68
Sweden	6.3000 - 6.3195	6.3100 - 6.3150	2.27-2.52oredis	-4.55	7.10-7.65dis	-4.67
Japan	135.00 - 135.90	135.80 - 135.90	0.17-0.19ydis	-1.59	0.45-0.47dis	-1.35
Austria	12.2160 - 12.2500	12.2320 - 12.2370	3.50-3.90grodis	-3.63	10.80-12.00dis	-3.73
Switzerland	1.5210 - 1.5295	1.5270 - 1.5280	0.30-0.32cdis	-2.44	0.88-0.94dis	-2.38
Ecu	1.1800 - 1.1830	1.1805 - 1.1815	0.41-0.38cpm	4.01	1.22-1.16pm	4.03

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Sep 5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅜ - 10¼	10⅜ - 10¼	10½ - 10⅜	10⅜ - 10¼	10⅜ - 10¼	10⅜ - 10¼
US Dollar	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	5⅝ - 5½	6⅛ - 5⅞
Can. Dollar	8⅞ - 8¾	8⅞ - 8¾	8⅝ - 8½	8½ - 8⅜	8⅜ - 8¼	8¾ - 8½
Dutch Guilder	9⅛ - 8⅞	9⅛ - 8⅞	9¼ - 9⅛	9⅜ - 9¼	9⅜ - 9¼	9½ - 9⅜
Swiss Franc	8 - 7¾	8 - 7¾	8⅛ - 8	8 - 7⅞	8 - 7⅞	7⅞ - 7¾
D-Mark	9⅛ - 9	9⅛ - 9	9⅛ - 9	9¼ - 9⅛	9⅜ - 9¼	9⅜ - 9¼
French Franc	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½
Italian Lira	12 - 10	11⅛ - 10⅞	11⅛ - 11	11⅜ - 11¼	11⅝ - 11½	12⅛ - 11⅞
Belgian Franc	9⅛ - 8⅞	9⅛ - 8⅞	9⅛ - 9	9¼ - 9⅛	9⅜ - 9¼	9½ - 9⅜
Yen	7⅛ - 7⅛	7⅛ - 7⅛	7⅛ - 7⅛	7⅛ - 7	6⅞ - 6⅝	6⅝ - 6⅜
Danish Krone	9⅜ - 9⅛	9⅝ - 9½	9⅝ - 9⅝	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Asian $Sing	6 - 5⅞	6 - 5⅞	6⅛ - 5⅞	6⅛ - 6⅛	6⅛ - 6⅛	6½ - 6⅛

Long term Eurodollars: two years 6⅝-6⅜ per cent; three years 7⅛-7⅛ per cent; four years 7⅜-7⅛ per cent; five years 7⅝-7⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sep.5	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.693	2.945	230.0	10.00	2.585	3.318	2196	1.933	60.60	1.434
$	0.591	1	1.740	135.9	5.907	1.527	1.960	1297	1.142	35.79	0.847
DM	0.340	0.575	1	78.10	3.396	0.878	1.127	745.7	0.656	20.58	0.487
YEN	4.348	7.361	12.80	1000.	43.48	11.24	14.43	9548	8.404	263.5	6.235
F Fr.	1.000	1.693	2.945	230.0	10.	2.585	3.318	2196	1.933	60.60	1.434
S Fr.	0.387	0.655	1.139	88.97	3.868	1	1.284	849.5	0.748	23.44	0.555
H Fl.	0.301	0.510	0.888	69.32	3.014	0.779	1	661.8	0.583	18.26	0.432
Lira	0.455	0.771	1.341	104.7	4.554	1.177	1.511	1000.	0.880	27.60	0.653
C$	0.517	0.876	1.524	119.0	5.173	1.337	1.717	1136	1	31.35	0.742
B Fr.	1.650	2.794	4.860	379.5	16.50	4.266	5.475	3624	3.190	100.	2.366
ECU	0.697	1.181	2.054	160.4	6.974	1.803	2.314	1531	1.348	42.26	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
102	-	-	-	0.05	-	-
103	3.27	-	-	0.11	0.34	-
104	2.40	-	-	0.22	0.55	-
105	1.66	-	-	0.42	-	-
106	1.00	-	-	0.79	-	-
107	0.56	0.99	-	-	-	-
Open Int	88,895	26,278	950	65,710	28,750	4,250

Estimated volume 27,531 Total Open Interest 214,773

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6930	1.6864	1.6742	1.6584	1.6292

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.6916	1.6940	1.6908	1.6923
Dec	1.6730	1.6756	1.6726	1.6748
Mar	-	-	-	1.6592

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Co-operative Bank	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	11	Coutts & Co	10.5	Midland Bank	10.5
AIB Bank	10.5	Cyprus Popular Bk	11	Mount Banking	10.5
● Henry Ansbacher	10.5	Dunbar Bank PLC	11	NatWestminster	10.5
B & C Merchant Bank	10.5	Duncan Lawrie	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Equatorial Bank plc	10.5	Nykredit Mortgage Bank	11.5
Banco Bilbao Vizcaya	10.5	Exeter Bank Limited	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	Financial & Gen. Bank	11.5	Roxburghe Bank Ltd.	12
Bank of Ireland	10.5	First National Bank Plc.	14	Royal Bk of Scotland	10.5
Bank of India	11	● Robert Fleming & Co.	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Robert Fraser & Ptnrs.	11	Standard Chartered	10.5
Banque Belge Ltd	11	Girobank	10.5	TSB	10.5
Barclays Bank	10.5	● Guinness Mahon	10.5	Unitbank plc	10.5
Benchmark Bank	11	● Hambros Bank	10.5	● United Bk of Kuwait	10.5
Brit. Bk of Mid East	10.5	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	Heritable & Gen Inv Bnk.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	● Hill Samuel	10.5	Westpac Bank Corp.	11
Citibank NA	11	C. Hoare & Co.	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Hongkong & Shanghai	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Comm. Bk. of London Plc	10.5	Lloyds Bank	10.5		
		Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

London rates ease

INTEREST RATES eased on the London money market yesterday as speculation continued that the UK *Conservative* government is creating an opportunity to hold a general election this year.

It was suggested that this may involve another cut in bank base rates around the time of the Conservative Party conference and publication of September's UK retail price index in October.

Next Friday's data are expected to show that August year-on-year inflation fell to around 4.7 from 5.5 per cent and for September it is hoped the figure will be under 4 per cent.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

Three-month sterling interbank declined to 10⅜-10¼ from 10$\frac{7}{16}$-10$\frac{5}{16}$ per cent and 12-month money was quoted at 10¼-10$\frac{3}{16}$ against 10$\frac{5}{16}$-10$\frac{3}{16}$ per cent.

Prices of short sterling futures advanced in fairly active trading on Liffe. September delivery rose to 89.69 from 89.59, and December climbed to 90.16 from 90.10, pointing towards a three-month interbank offered rate of less than 10 per cent by the end of the year.

Day-to-day credit was in very short supply on the cash market, but most of the shortage was absorbed by an early round of official help. The Bank of England initially forecast a shortage of £1,550m. This was revised to £1,500m at noon and to £1,450m in the afternoon. Total assistance of £1,450m was provided.

An early round of help was offered and at that time the authorities bought £1,270m bills, including £784m outright, by way of £198m Treasury bills in band 1 at 10⅜ per cent and £586m bank bills in band 1 at 10⅜ per cent. Another £486m bills were purchased for resale to the market in equal amounts on September 25 and 26 at an interest rate of 10$\frac{7}{32}$-10$\frac{9}{32}$ per cent.

There was no further intervention before lunch, but in the afternoon £180m bank bills were bought in band 1 at 10⅜ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,176m, with the unwinding of repurchase agreements on bills absorbing £107m, exchequer transactions £5m, a rise in the note circulation £85m and bank balances below target £165m.

In Frankfurt call money remained at 9.05 per cent. Conditions are expected to tighten from September 12 when seasonal tax payments drain liquidity from the banking system.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep.5) 3 months US dollars		6 months US Dollars	
bid 5⅝	offer 5¾	bid 5⅝	offer 5¾

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	8½	One month	5.35	Three year	6.66
Broker loan rate	7¼	Two month	5.42	Four year	6.80
Fed.funds	5⅝	Three month	5.48	Five year	7.30
Fed.funds at intervention	5⅝	Six month	5.60	Seven year	7.65
		One year	5.69	10-year	7.83
		Two year	6.31	30-year	8.08

Sep.5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.00-9.10	8.95-9.10	9.00-9.15	9.05-9.20	9.20-9.35	9.25
Paris	9⅛-9¼	9⅛-9¼	9⅛-9¼	9⅜-9½	9⅜-9½	9.25
Zurich	7⅞-8⅛	7⅞-8⅛	-	7⅞-8⅛	-	-
Amsterdam	9.18-9.31	9.12-9.22	-	9.22-9.30	-	-
Tokyo	7⅛-7¼	7⅛-7¼	-	7⅛-7¼	-	-
Milan	10⅝-11⅛	11⅛-11⅜	-	11⅛-11⅜	-	-
Brussels	8.94-9.06	9-9⅛	-	9⅛-9¼	-	-
Dublin	9⅛-9⅜	9⅛-9⅜	9⅛-9⅜	9⅛-9⅜	9⅛-9⅜	-

LONDON MONEY RATES

Sep 5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10⅛	10½	10⅜	10⅜	10¼	10¼
Interbank Bid	2	10⅛	10¼	10¼	10⅛	10⅛
Sterling CDs	-	-	10$\frac{5}{16}$	10$\frac{5}{16}$	10$\frac{3}{16}$	10$\frac{3}{16}$
Local Authority Deps.	10	10½	10⅜	10¼	10¼	10¼
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅛	10⅛	-	-	-	-
Company Deposits	-	-	10$\frac{7}{16}$	10$\frac{7}{16}$	10$\frac{5}{16}$	10$\frac{5}{16}$
Finance House Deposits	-	-	10½	10⅜	10⅛	10⅛
Treasury Bills (Buy)	-	-	10⅛	9$\frac{15}{16}$	9¾	-
Bank Bills (Buy)	-	-	10¼	9⅞	9⅝	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.67	5.65	5.77	5.98
SDR Linked Dep. Offer	-	-	7⅝	7½	7½	7⅝
SDR Linked Dep. Bid	-	-	7⅜	7⅜	7⅜	7½
ECU Linked Dep. Offer	-	-	9$\frac{13}{16}$	9¾	9$\frac{11}{16}$	9⅝
ECU Linked Dep. Bid	-	-	9$\frac{11}{16}$	9⅝	9$\frac{9}{16}$	9½

Treasury Bills (sell); one-month 10⅛ per cent; three months 9¾ per cent; six months 9⅝ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 9$\frac{13}{16}$ per cent; Treasury Bills: Average tender rate of discount 10.0676 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day August 30 ,1991 . Agreed rates for period Sept.25, 1991 to October 25 , 1991, Scheme I: 12.08 p.c., Schemes II & III: 12.17 p.c. Reference rate for period August 1, 1991 to August 30 , 1991, Scheme IV&V: 10.950 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from September 1 , 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July.15.1991 , Deposits withdrawn for cash 5 per cent

MONEY MARKET FUNDS

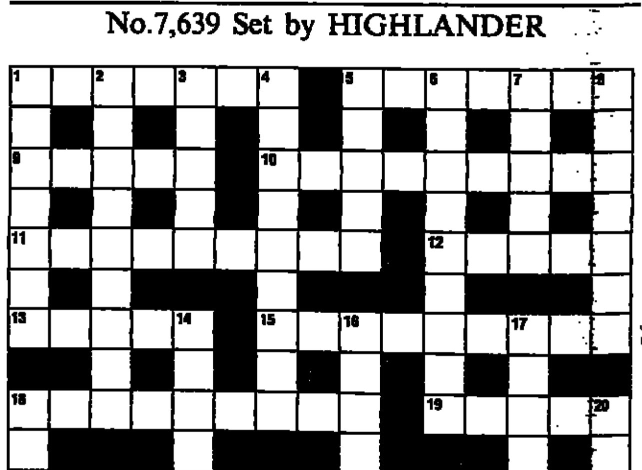
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

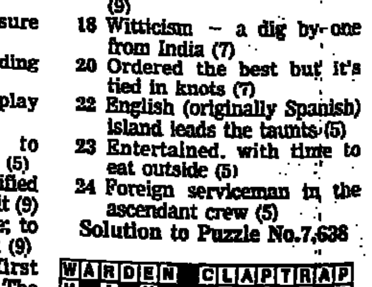
No.7,639 Set by HIGHLANDER



ACROSS
1 Ideal time to display feathers (7)
5 Leave mooring abandoned (4,3)
9 It imitates art fabric or backing (5)
10 Complete article on Church statement (9)
11 European one irritated still? (9)
12 What one believes about animal circles (5)
13 Old Bill have to insist upon being precise (5)
15 Come across and measure the table (9)
18 It came up north, needing change of air (9)
19 Bridge opponents do play together (5)
21 African contribution to front-line ground forces (5)
23 Instead of having qualified viva voce, lost by default (9)
25 To the French a cheese; to Italians initially a plant (9)
26 Hollywood actor's first break – appearing in The Tempest (5)
27 End it as replacement (7)
28 Confused as to the dangerous situation (3,4)

DOWN
1 Sent, they say, by smoke (7)
2 Elevated situation of capital (5-4)
3 Reserved one washroom key (5)
4 Key bulletin written so to appear enthusiastic (9)
5 Quoted saw in speech (5)
6 Hit reported on top of the river building (9)
7 At one time old film certification carried weight (5)
8 Cover point made by all-runners over starts to Epsom races (7)
14 Beat the increase: use combined stall (9)
16 Type of insect, bird and fish (9)
17 Back farm vehicle on to flat area which is easily worked (9)
18 Witticism – a dig by one from India (7)
20 Ordered the best but it's tied in knots (7)
22 English (originally Spanish) island leads the taunts (5)
23 Entertained, with time to eat outside (5)
24 Foreign serviceman in the ascendant crew (5)

Solution to Puzzle No.7,638



WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices September 5

Total Sales 8,855,700 shares

MONTREAL

3:00 pm prices September 5

INDICES

NEW YORK

DOW JONES	Sep 4	Sep 3	Aug 30	Aug 29	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	3008.50	3017.67	3043.60	3049.64	3055.23 (28/8)	2470.30 (9/1)	3055.23 (28/8/91)	41.22 (2/7/32)
Home Bonds	96.12	96.11	96.20	96.29	96.29 (29/8)	91.30 (16/1)	96.29 (29/8/91)	54.99 (1/10/81)
Transport	1190.06	1196.76	1212.27	1212.09	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	207.25	207.12	208.25	208.63	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 3034.66 (3066.64) Low 2990.83 (3013 64)

STANDARD AND POOR'S

	Sep 4	Sep 3	Aug 30	Aug 29	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	389.97	392.15	395.43	396.47	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	463.46	466.39	470.56	472.01	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.49	31.62	31.89	32.01	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	213.95	215.13	216.69	217.12	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (25/4/42)
Amex Mkt. Value	369.99	371.52	372.13	370.95	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	517.92	520.91	525.68	526.39	526.39 (29/8)	355 75 (14/1)	526.39 (29/8/91)	54.87 (31/10/72)

	Aug 30	Aug 23	Aug 16	year ago (approx.)
Dow Industrial Div. Yield	3.01	3.01	3.08	4.16

	Aug 28	Aug 21	Aug 14	year ago (approx.)
S & P Industrial div. yield	2.63	2.69	2.70	3.24
S & P Indl. P/E ratio	21.71	21.35	21.31	15 47

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Browning Ferris	3,775,000	20½	- 1¼
First Bank Sys	2,966,700	20¾	- 1
Amer T & T	2,310,700	39⅞	+ ⅛
Pepsico	2,230,400	31¼	- ⅜
Westinghouse	1,999,500	22⅝	- ⅝
Waste Man	1,640,100	37½	- ½
IBM	1,601,400	98⅝	+ ⅝
Boeing	1,505,300	50½	+ ⅞
Syntex	1,417,000	43⅝	- ½
Telefonos	1,367,100	37¼	- ¼

TRADING ACTIVITY

† Volume Millions	Sep 4	Sep 3	Aug 30
New York SE	158.381	155.437	125.830
Amex	11.657	13.016	11.646
NASDAQ	154 069	134.328	129.403
NYSE			
Issues Traded	2,070	2,082	2,074
Rises	559	604	792
Falls	1,021	957	741
Unchanged	490	521	541
New Highs	48	89	76
New Lows	11	10	9

CANADA

TORONTO	Sep 4	Sep 3	Aug 30	Aug 29	1991 HIGH	1991 LOW
Metals & Minerals	3022.42	3031.96	3081.75	3101.42	3299.99 (18/7)	2632.06 (9/1)
Composite	3486.80	3504.86	3517.92	3514.88	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1849.57	1857.33	1853.53	1866.64	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sep 5	Sep 4	Sep 3	Sep 2	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1571.7	1566.7	1568.4	1538.9	1591.3 (7/8)	1204.5 (16/1)
All Mining (1/1/80)	665 9	666 4	670.3	659 9	707 2 (24/7)	561 6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	480.45	474 41	471.78	470.68	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1140 05	1144 08	1139.95	1132.26	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	372.13	372.48	373 43	373.21	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	946.8	950.2	965.5	968 8	1186 9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	488 88	488.54	490.54	498.38	494 95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1868 67	1860.82	1873.18	1863.52	1874 81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	681.57	681.92	687.30	687 94	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1923.5	1923.1	1934.1	1930.7	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1647.17	1647.91	1655.64	1650 46	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3990.16	4006.45	4025.07	4023.54	4079.01 (14/8)	2984 01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1453.97	1453.83	1451.56	1451.03	1520.65 (15/3)	1114 86 (25/1)
ITALY						
Banca Com. Ital. (1972)	555.29	556.81	555.48	552.96	619.38 (3/6)	486 26 (29/1)
JAPAN						
Nikkei (16/5/49)	22499 65	22402.69	22469.80	22469 01	27146.91 (18/3)	21456 76 (19/8)
Tokyo SE (Topix) (4/1/68)	1749.39	1739.69	1744 15	1749 70	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2742.14	2748.03	2755 65	2755.30	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	562.50	561.83	560.05	559.09	635 02 (29/5)	470 41 (16/1)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	283.0	282 0	281.8	281 2	284 8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	201.1	200 4	200 3	199 8	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	774.31	774.96	778.34	786.59	793.53 (26/8)	610 45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1014 44	1013 80	1022.00	1015.27	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	388.27	388.55	387.68	386 79	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1154.04	1168.0	1121.0	1094 0	1469 0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4138.04	4123 0	4105.0	4087 0	4167.0 (14/8)	2829 0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	674 81	683.54	675.67	675.12	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	274.35	274 62	274.55	274 80	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1065 0	1061 5	1078 5	1090 4	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	764.2	763 3	764.5	764 8	769.2 (29/8)	590 4 (14/1)
SBC General (1/4/87)	629.0	628 9	630.6	631.2	638 0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4499.50	4508.26	4625.59	4673 68	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	723 06	723.71	720 78	723.08	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl (1/1/70) (S)	504 6†	504.4	504.5	506.3	529.2 (17/4)	439 1 (16/1)

**Saturday August 31: Taiwan Weighted Price 4545 53 Korea Comp Ex. 683.11.
& Subject to official recalculation. †Calculated at 15.00 GMT
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255 7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 5 September 1991

	Stocks Traded	Closing Prices	Change on day
Mitsubishi Mat	14.6	685	-20
NKK	14.2	400	+13
Osaka Gas	13.3	574	+14
Nippon Steel	12.5	428	+8
Hitachi Zosen	12.2	686	+19
Sumitomo Heavy	11 8	688	+33
Ishikawajma	9.6	667	+26
Mitsui Shipbldg	8.1	592	+13
Meiji Seika	7.6	938	+9
Mitsubishi Heavy	7 3	725	+2

3:30 pm prices September 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
13	11	Sabine Rit	1.71	0.14	7	36	12¼	12⅛	12⅛	
9⅞	5⅞	Safecard	0.15	0.02	8	367	9	8⅞	8⅞	+⅛
12⅞	8⅞	Safeg'd Sc			3	3	11¼	11¼	11⅝	
32	25	SafetyKln	0.32	0.01	28	881	29⅞	29½	29⅝	+⅛
21⅞	11⅞	Safeway			17	1016	18½	18¼	18½	
4⅞	2⅞	SafewayWt6				188	4⅛	4	4	−⅛
35⅞	25⅞	StJoePaper x	0.20	0.01	35	217	32⅞	32⅛	32⅛	
34¼	28⅞	StJoeLAP	1.88	0.06	12	45	32⅞	32½	32¾	+⅛
4¾	1½	Salant Crp			0	29	2⅞	2¾	2⅞	
69¾	43⅞	Sallie Mae x	0.80	0.01	20	2346	66¾	65	65⅛	−⅞
13⅞	10⅞	Salomon Br	0.60	0.04		273	13½	13¼	13⅜	
37	22⅞	Salomoninc	0.64	0.03		68267	24⅞	24⅛	24½	−½
45⅞	37⅞	SanDgoG&E x	2.80	0.07	11	122	40⅞	40⅞	40⅞	+⅛
4⅞	2¾	SantaFeEDu	0.60	0.18	21	3	3¼	3⅛	3¼	
16⅞	11	SantaFeERs	0.16	0.01	26	164	12⅝	12¼	12¼	−⅛
32½	26	SantaFePac	2.65	0.08	10	84	32⅛	31⅞	31½	−⅜
10¼	6¼	SantaFeSth			47	42013	9⅞	9¼	9½	+⅛
45¾	29⅞	Sara Lee x	0.84	0.02	20	2574	44½	43	43	−1¼
⅞	⅛	Savin Corp				02347	⅛	0.08	0.08	
7⅞	1⅞	Savin 0.80	0.80	0.30		32	2⅞	2⅝	2⅝	−⅛
40½	33½	Scana Corp x	2.62	0.07		61059	39½	39	39	−¼
44	38	Scecorp	2.72	0.06	11	681	43½	43⅞	43½	
59⅞	40⅞	SchertngPl	1.32	0.02	20	3222	56⅞	55⅞	56	+⅛
74	58½	Schl'berger x	1.20	0.02	28	4193	72⅞	71¾	72¼	−⅜
29½	11⅞	Schwab(C)	0.20	0.01	26	141	28¾	28½	28⅝	+⅛
8⅞	3⅞	Schwitzer			14	55	7¼	7⅛	7⅛	−⅛
17⅞	11½	SclentAtla x	0.16	0.01	25	4373	13	12⅞	12⅞	−⅛
9⅞	6⅞	Scotsman	0.10	0.02	10	397	6⅞	6⅞	6⅞	−⅛
46⅞	35⅞	ScottPaper	0.80	0.02	40	1022	40⅞	39¾	40½	−⅜
16¼	11⅞	ScuddrNAsF	0.58	0.04		68	14⅛	14	14⅛	+⅜
10⅝	7¾	ScuddrNEuF	0.25	0.03		210	9	8¾	8⅞	
26½	19¾	Sea Cont			11	5	24⅛	24⅛	24⅛	+⅛

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
6¼	4½	Talleyind	0.20	0.04	0	43	4⅞	4¾	4¾	
11⅞	7	Talley Pf	1.00	0.13		z100	7½	7½	7½	
59½	38⅞	Tambrands x	1.20	0.02	21	1161	55⅞	55⅛	56⅛	−⅛
18⅞	9¼	Tandem			18	6254	12½	11⅞	12	−½
36½	23⅞	T&ndy Corp	0.60	0.02	10	736	28⅛	27⅞	27⅞	−⅛
12⅞	10⅞	Taurus Mun	0.74	0.06		74	u12⅞	12⅛	12⅛	−⅛
36⅞	31½	Teco Energ	1.72	0.05	14	575	35¾	35¼	35½	−¼
30⅞	18¼	Tektronix	0.60	0.02	17	333	29⅝	29¼	29½	+⅛
1⅞	⅞	Telecom Co			9	5	1⅛	1⅛	1⅛	
24⅞	14⅞	Teledyne	0.80	0.04	30	392	20⅝	20⅛	20⅛	−⅛
30⅛	24⅞	TeleEspSA	1.41	0.05		41039	27½	27¼	27¼	
38½	24½	Telmex ADR				1359	37¼	36½	36⅝	−⅜
49½	28½	Templeinl	0.88	0.02	14	578	47⅞	47⅜	47⅜	+½
19⅞	11½	TemplEmMk	0.16	0.01		110	19⅝	19⅜	19½	
9⅞	8⅞	TempltGlob x	0.84	0.09		188	9	8⅞	9	
8⅞	7⅞	TempltGtFd	0.90	0.11		748	8½	8⅜	8⅜	
52	33½	Tennecolnc	3.20	0.08	28	2433	41⅞	40¾	41⅝	+⅜
22	16⅝	Teppco Pts	2.20	0.11	17	142	20¼	20	20	−¼
14⅞	6¼	Teradyne			70	1067	14¼	13¾	14⅛	+⅜
14⅞	7½	Terex	0.08	0.01	12	1003	10⅝	10	10½	+½
9⅞	5¾	Tesoro Pet			19	54	6¾	6⅝	6⅝	−⅛
70	68½	Texaco	3.20	0.05	12	3862	64	63⅝	63¾	
53	48⅞	Texaco C x	4.10	0.08		9	51⅞	51¼	51⅞	+⅛
23¾	14	Texas Ind	0.20	0.01	12	85	u24¼	23¼	23¾	+¼
47⅞	29½	Texas Inst	0.72	0.02		81115	31½	30½	30½	−¼
28	19½	Texas Pac	0.40	0.02	26	33	22½	22¼	22¼	−⅛
38⅝	34⅛	Texas Util x	3.00	0.08	10	1252	37¾	37½	37⅝	
10¼	9⅞	Textl Pf	1.10	0.12		5	9¾	9⅝	9½	−⅛
7⅝	3⅞	Textl Inds	1.10	0.19	8	308	5⅞	5¾	5¾	+¼
35⅛	24¼	Textron	1.00	0.03	10	1178	33¼	33	33⅛	
6¼	4½	Thackeray			57	2	5⅝	5⅝	5¾	

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
51½	43¼	Xerox4.125 x				73	u51½	51⅛	51½	
21½	14⅛	Xtra 1.94				5	21⅞	21⅞	21½	
24⅞	14¼	Xtra Corp	0.72	0.03	79	78	23⅞	23½	23⅞	+⅛
24¼	21¼	Yankee Egy x	1.60	0.07	11	97	23½	22⅞	23	−⅝
1½	⅞	Zapata			3	16	⅞	⅞	⅞	
9⅞	5½	ZenithElec			1	83	6	5⅞	5⅞	
18½	12	Zenith Nat	1.00	0.06	97	15	16¾	16⅝	16⅝	−⅛
6¼	4½	Zenix Inc	0.84	0.14		52	6	5⅞	5⅞	−⅛
16¼	10⅞	Zero Corp	0.40	0.03	17	615	15	14⅞	14⅞	
41⅞	29½	Zurn Ind	0.88	0.02	15	179	37⅛	36½	36½	−½
13½	10⅛	Zweig Fund	1.12	0.09		359	12¼	12	12¼	+¼
10⅛	8½	Zweig Tot! x	0.96	0.09		594	u10⅛	10	10⅛	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices September 5

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pegasus G		7	127	11¾	11⅛	11¼	−⅛
Perini		6	22	10⅝	10¼	10¼	−⅛
Pet HMP x	0.31	12	7	10⅛	10⅞	10¼	+⅛
Phil LD	0.17	8	189	22⅛	21⅞	22⅛	+¼
Pittway A	0.70	9	15	22⅝	22⅝	22⅝	+⅛
Ply Gem	0.12	149	6	7⅝	7⅝	7½	
PresidioA	0.10	2	311	3⅞	d3⅝	3⅝	

NASDAQ NATIONAL MARKET

3:00 pm prices September 5

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Westmark		24	1444	38¾	35¼	36½	−1¾
WestnCoal	0.32	56	33	21	20	21	
Wet SealA		27	22	13½	12⅞	13	+⅛
Wetterau x	0.68	12	121	28½	28	28	
Wicat Sys		84	28	3⅞	3¼	3⅞	
Willmette	1.60	23	449	58¼	55½	56¼	+⅜
WmsSonoma		20	238	20¼	19¾	20¼	
Wiser Oil	0.40	19	167	16⅛	16⅛	16⅜	+⅛
Wolohan L x	0.28	12	47	22	21¼	21⅞	+⅝
Wolv Expl		0	21	⅞	½	½	
WwEnt99A			30	⅞	⅛	⅛	
Worthgtn x	0.64	24	722	28½	28	28⅛	−⅛
WPP Group	1.11	1	585	3⅞	3	3¼	−⅛
Wyman-Gdn x	0.40	13	333	5⅛	4⅞	4⅞	

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		38	686	30⅞	29¾	30½	+½
XL Data		33	908	11⅞	10⅞	11	−½
Xoma Corp			833648	16¾	15¼	16¼	+¼
Yellow Fr	0.84	16	1371	30¼	29⅝	30	+⅛
York Rsch		60	4754	7⅝	6⅛	7¼	+⅞
ZionsUtah	1.44	10	15	49	48¼	48¼	−¾

FINANCIAL TIMES

Friday September 6 1991

AMERICA

Trading subdued in anticipation of jobs data

Wall Street

TRADING WAS subdued for a second day on Wall Street yesterday, as the market continued to wait for today's employment figures for August which should give more evidence of the state of the US economy, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was down 2.69 at 3,005.81 in moderate volume, while the Standard & Poor's 500 was off 0.58 at 389.39 at 1 pm. Declining issues led advancing stocks by a ratio of four to three. On Wednesday, the Dow fell 9.17 to 3,008.50.

Among featured issues, IBP tumbled $2½ to $16½ in active trading after Occidental Petroleum said that it would sell its 51 per cent stake in the company in the form of a rights offering that will allow holders to buy IBP shares for $15 apiece. Shares in Occidental eased $1½ to $24⅛.

Borden dropped $2¼ to $33⅞ on expectations that the company's third and fourth quarter earnings will decline if recessionary pressures continue.

Shares in Heinz slid $1¾ to $41¼ on reports that analysts expected the price to slide. Recent takeover rumours have bolstered the stock.

International Specialty Products dropped $1⅝ to $16 after Merrill Lynch cut its earnings estimates for the company. Merrill Lynch, which was underwriter for the company's initial public offering in June, is concerned about flat sales.

Aydin dropped $2 to $23¾. A 500,000-share offering was priced at $23½.

Browning Ferris, the second biggest US waste management company whose stock has been hit by its gloomy fourth quarter earnings projections, recouped some of its recent losses, adding $⅞ to $21⅞. Waste Management, however, eased $½ to $37.

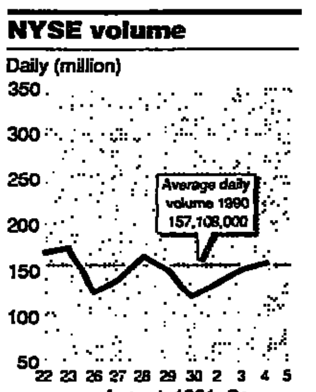
Among active blue chips, PepsiCo fell $1⅛ to $30 and Boeing climbed $1⅛ to $51⅝.

In the secondary market, the Nasdaq composite was 1.28 lower at 516.64 at midsession. Centocorp and Xoma led trading for a second day. Centocorp surged $4½ to $45 in the wake of a Food and Drug Administration advisory panel meeting on Wednesday, which recommended approval of Centocorp's anti-bacterial drug.

Xoma, which hopes for approval of a competing product, added $¼ to $15¾ after dropping $1¼ a day earlier on news that the panel was not ready to recommend its drug.

Quiksilver, a California sportswear company, slid another $¼ to $11 after dropping $1⅛ on Wednesday. The retailer warned that fourth quarter net income could be as much as 60 per cent below last year's levels, thanks to the soft retail environment and other factors.

NYSE volume



Canada

THE TORONTO composite index was stuck in a narrow, four-point trading range by midsession yesterday.

The index fell 1.5 to 3,485.4, after fluctuating between 3,482.27 and 3,486.30. Declines led advances by 208 to 164 in volume of 11.8m shares valued at C$141.2m.

Seagram recovered C$¼ to C$127¾ after tumbling C$5¼ following disappointing second quarter earnings on Wednesday. Canadian Imperial Bank of Commerce rose C$⅜ to C$32⅝ although its third quarter earnings eased from 97 to 96 cents per share.

French drug sector perks up on reform proposals

The rise has surprised some analysts, who expect any benefits to be long term, writes William Dawkins

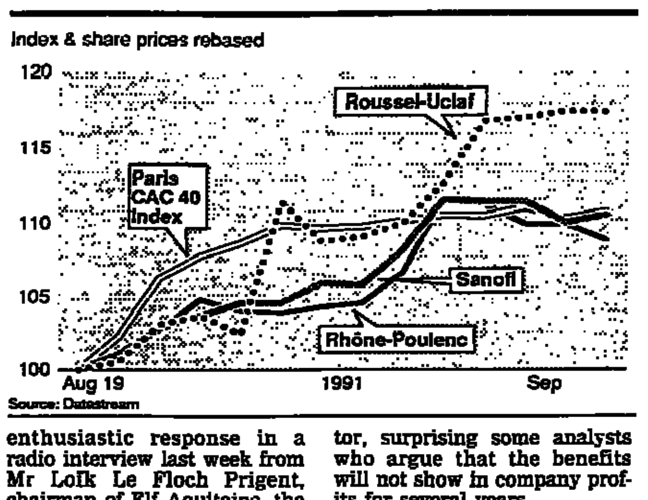
FRENCH DRUG company shares received a tonic recently from government plans to reform pharmaceutical policy.

If adopted, the plans, which were drawn up by Mr Bruno Durieux, the health minister, and Mr Jean-Louis Bianco, social affairs minister, will lead to a rise in drug prices, curb drug makers' publicity budgets and encourage them to spend more on research and development (R&D).

The broad aim is to encourage the French pharmaceutical industry – which is still more dependent on its home market than are its main counterparts – to be more competitive internationally. It also aims to limit domestic drug consumption, which is among the highest per person in the world.

General outlines were discussed at a cabinet meeting at the end of last month. Details are due to be settled at next week's cabinet session for presentation to parliament in October, so that they can take effect next year.

The proposals received an enthusiastic response in a radio interview last week from Mr Loïk Le Floch Prigent, chairman of Elf Aquitaine, the oil and gas group which controls Sanofi. "If we could ever find an intelligent and negotiated way to reduce promotional expenses, we would be delighted because we would increase our research spending," he said.



This was accompanied by a share price rally across the sector, surprising some analysts who argue that the benefits will not show in company profits for several years.

Yesterday, the share prices of Sanofi and Rhône-Poulenc stood 2 per cent higher than their August 29 level, in spite of declines this week. Over the same period, the Institut Mérieux share price was up 9 per cent, Roussel-Uclaf 7 per cent and Synthélabo 5 per cent, compared with a rise of only 0.6 per cent in the CAC 40 stock market index.

The scheme comes as a relief to the mostly state-controlled French drugs industry, after a period when the government has been using it to help curb this year's social security budget deficit, by imposing tax increases on drug publicity spending and price cuts for some pharmaceuticals. The government has also removed so-called anti-asthenics or tonics from the list of drugs for which patients can claim state reimbursements, which still remains – with roughly 12,000 products – nearly twice the length of the UK list of reimbursable pharmaceuticals.

Under the proposals, prices of drugs – one of the few products still subject to price controls in France – would be more in line with European levels, says the prime minister's office. This would apply to "innovative drugs" only, but implies significant increases considering that French drug prices are on average 30 per cent below the European Community average, according to one survey.

It is understood that companies would have more flexibility in deciding prices, by being given an average ceiling for their whole range of products, rather than being given set prices for individual drugs.

It is suggested that the increase in the state health bill created by price rises for reimbursable drugs would be offset by another round of delisting of non-essential medicines.

The government also says prices would be fixed in order to encourage R&D, which stockbroking analysts take to mean that companies with high R&D would be allowed to charge more for their drugs.

In addition, the state would limit individual companies' promotional budgets, which currently average 18 per cent of sales across the industry, as against R&D spending of 12.5 per cent of turnover. There would also be a central drug licensing agency.

Mr Andrew Tivernen, analyst at James Capel, argues that the recent share price rise is overdone and that drug companies will feel the effects of this year's health spending curbs before the wider margins implied by the price reform package come through.

If the plan succeeds in improving French drug companies' research, this could make the larger players more attractive partners for the kinds of international alliances they are already making in growing numbers, argues Mr Mark Tracey, analyst at Paribas. This includes, over the past year alone, Rhône-Poulenc's acquisition of Rorer, of the US, and Sanofi's co-operation deal with Sterling Drug, of the US.

Another likely consequence is a reduction, possibly through mergers and takeovers, in the number of small and medium-sized French drug producers, say analysts. The victims will be unable to support large research bills and will be dependent on the kind of non-essential drugs that the government may have in mind for removing from the list of reimbursable products.

EUROPE

Frankfurt seeks excitement in steels and 'critical mass'

BOURSES MARKED time yesterday, although Wall Street's opening rise helped some of the late-closers to end at their best levels of the day, *writes Our Markets Staff.*

FRANKFURT virtually stood still, the FAZ index losing 0.35 to 681.57 at midsession and the DAX 0.74 to 1,647.17 at the close. Volume rose from DM2.7bn to a still-derisory DM2.9bn.

Wednesday's news that the IG Metall union is to seek a 10 per cent wage rise for Volkswagen workers – after the 10.5 per cent claim on which negotiations began with insurance companies this week – did not seem to hurt VW, which rose 20 pfg to DM385.50.

However, Mr James Cornish, a strategist with County Natwest, said that the VW claim could be more successful than some, given the launch of the new Golf model. He added that there were signs that the German economy is not growing as feebly as some economists had expected in the second half of 1991; and that there could be trouble with the Bundesbank this autumn, given its rise of only 25 basis points in the Lombard rate in August.

There was a flurry in steels, as Hoesch rose DM7.80 to DM300.30 and speculators turned their attention to Klöckner-Werke, rather than the UK's British Steel, as a possible marriage partner.

K-W, too, showed an increase, closing DM3.30 higher at DM148.30. Traders justified this by saying that a merged group would have more critical mass, raising the spectres of 'industrial logic', which afflicted British industrial politics in the 1960s, and 'synergy', which held sway 20 years later.

All this was so exciting that Preussag, which owns the Salzgitter steel operation, rose DM6.50 to DM309 and Thyssen added DM2.30 to DM238.30. Another speculative favourite, tyremaker Continental, put on DM2.60 to DM225.80 for a three-day gain of DM10.80.

FT-SE Eurotrack 100 - Sep 5							
Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1124.64	1124.87	1125.63	1125.42	1126.17	1126.70	1127.16	1126.92
Day's High 1127.46				Day's Low 1124.50			
Sep 4	Sep 3	Sep 2	Aug 30	Aug 29			
1125.48	1128.91	1126.81	1125.84	1124.82			

Base value 1000 (26/10/90).

PARIS concentrated on corporate results and forecasts, as the CAC 40 index added 7.85 to close at the day's high of 1,868.67. Turnover was fairly heavy, rising from FFr1.9bn to about FFr2.2bn. The total included FFr580m worth of trading in LVMH as it went ex a one-for-10 scrip issue.

Oil refiners were boosted by Wednesday's first-half figures from Total. The Total share price rose FFr46 or 5.4 per cent to FFr894 in the day's second highest turnover of FFr151m. BP France gained FFr9 or 8 per cent to FFr121 and Esso added FFr32 or 5.4 per cent to FFr625.

Fives Lille jumped FFr30 or 11.8 per cent to FFr284 on unusually strong volume of 109,850 shares, after the holding company forecast 1991 profits of FFr160m rising to FFr250m in 1994, following its loss of FFr236m in 1990.

Michelin, the tyremaker, was also firm, rising FFr6 to FFr124.90 in 345,366 shares.

AMSTERDAM closed at its session high in moderate trading, with the CBS tendency index up 0.7 at 92.5.

Ahold, the retailer, gained Fl 2.60 or 3.3 per cent to Fl 82.50, after it announced a 10 per cent rise in second-quarter net profits.

Internationale Nederlanden, the newly merged banking and insurance group, rose 60 cents to Fl 49.30 before it announced first-half net profits at the top end of analysts' forecasts.

MILAN was flat, the Comit index easing 1.52 to 555.29 as stockbrokers said that settlement of the August trading account, already delayed by one week owing to Milan's latest stock trading scandal, will now take place next week.

Banks settled back as buying interest dried up, BCI falling L70 to L4,800 and Credito Italiano L41 to L2,640. Fiat lost L47 to L5,638; while Italian car sales rose in July and August, Fiat's share of the market fell from 45.3 to 38.3 per cent last month, against 46.6 per cent in August, 1990.

ZURICH was sluggish, although a first-half operating loss of around SFr200m at Oerlikon-Bührle left the arms and engineering group SFr7 lower at SFr405. The Crédit Suisse index rose 0.2 to 534.9.

STOCKHOLM edged higher on foreign blue-chip buying. The Affärsvärlden General index added 3.5 to 1,065.0. Turnover grew from SKr382m to SKr579m, boosted by a SKr179m deal in Volvo B shares, which rose SKr5 to SKr355.

MADRID was barely changed, as the general index slipped 0.27 to 274.35 in light turnover of about Pta9bn.

VIENNA stayed firm on foreign buying, the ATX 18-share index rising another 18.06 to 1,143.97. OMV, the state-controlled oil group, rose Sch21 to Sch1,032 on a 29 per cent rise in first-half profits.

ISTANBUL dropped 3 per cent, with the 75-share index down 93.13 at 2,987.52.

SOUTH AFRICA

GOLD SHARES slipped in Johannesburg after Wednesday's sharp gain. A flat bullion price pushed the all-gold index down 14 to 1,154. The industrial index, however, added 15 to 4,138, leaving the all-share only 7 lower at 3,395.

ASIA PACIFIC

Volume climbs to 450m shares as rates fall

Tokyo

LOWER short-term interest rates and the higher yen supported share prices yesterday, with volume rising above 400m shares for the first time in nearly two months, *writes Emiko Terazono in Tokyo.*

The Nikkei average gained 96.96 at 22,499.65, after a day's high of 22,620.64 and a low of 22,369.67. Volume grew from 350m to 450m shares on activity by foreign investors, arbitrageurs and individuals. Institutional investors were also seen cross-trading to secure profits ahead of the September book closing.

Advances outnumbered declines by 625 to 330, with 161 issues remaining unchanged. The Topix index of all first section stocks put on 9.70 to 1,749.39, and in London the ISE/Nikkei 50 index improved 6.48 to 1,332.24.

Lower short-term interest rates encouraged hopes of an imminent discount rate cut. The overnight call rate, which fell from 7.5 to 7.24 per cent on Wednesday, hovered around 7.25 per cent throughout the day. Traders said this confirmed the central bank's discount rate intentions.

The recovery in volume reflected an improvement in sentiment. Individual investors, who had been net sellers for the past few months, were seen buying in small lots. Foreigners continued to purchase actively.

Large-capital shares were heavily traded on the lower short-term rates. NKK advanced Y13 to Y400 and Ishikawajima-Harima Heavy Industries Y26 to Y667.

Foreigners bought shipbuilders. Mitsui Shipbuilding climbed Y13 to Y592 and Hitachi Zosen Y19 to Y666.

On the negative side, Mitsubishi Material, the most active issue of the day, lost Y20 to Y585 on speculation of lower earnings, after an announcement that it would report revised earnings projections after the market had closed. Trading in the issue was briefly suspended in the afternoon owing to the heavy trading. The company later said pre-tax profits would fall 16 per cent this year; it had previously forecast a 5 per cent rise.

Automobile issues were weaker, hit by a 12.6 per cent year-on-year decline in sales of small cars. Investors saw the new tightened car parking law as an additional negative factor. Toyota Motor fell Y20 to Y1,530 and Honda Motor retreated Y20 to Y1,480.

In Osaka, the OSE average rose 163.23 to 24,646.01. Volume was 86.8m shares, the heaviest since March, on buying of earnings-backed issues and low-priced large-capital stocks.

Rohm, the linear integrated circuit maker, moved ahead Y280 to Y2,880 on reports of an upward revision of earnings for the current year to March 1992 to a 60 per cent rise in pre-tax profits at Y13bn.

Roundup

WITHIN narrow limits, the Pacific Rim put on a mixed performance yesterday.

SEOUL reversed Wednesday's recovery on tight liquidity in the market, rising inflation and an expanding current account deficit. The composite index receded 8.73 to 674.81 in turnover down from Won335bn to Won172bn.

NEW ZEALAND closed off earlier highs, but the NZSE-40 index still added 5.77 at 1,432.15 after an initial burst of foreign buying orders. Turnover expanded from Wednesday's NZ$17.9m to NZ$19.3m.

TAIWAN was narrowly higher in thin trade. The rise was mainly attributed to short-covering and limited bargain hunting as the weighted index inched up 7.11 to 4,515.37 after a loss of 117.33 on Wednesday. Turnover shrank from T$23.2bn to T$14.8bn.

Apart from the failure of the central bank to reduce its rediscount rate, investors were worried about the possibilities of confrontation in an island-wide demonstration to be held this Sunday by the Democratic Progressive Party, Taiwan's largest opposition group.

HONG KONG continued to consolidate, the Hang Seng index slipping 16.29 to 3,990.16 in HK$1.14bn turnover, against Wednesday's HK$1.08bn.

SINGAPORE closed softer, the Straits Times Industrial index losing 4.93 to 1,421.49, and **KUALA LUMPUR** saw particularly choppy trading, before the composite index ended 0.67 higher at 562.50.

AUSTRALIA finished off the day's high, with the All Ordinaries index 3.7 up at 1,571.1.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 4 1991								TUESDAY SEPTEMBER 3 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	149.29	+0.9	130.66	127.82	134.78	126.50	−0.2	4.85	148.02	129.70	127.20	133.90	126.70	151.58	112.74	143.80
Austria (20)	160.01	+1.4	157.54	154.13	162.51	162.56	+1.2	1.74	177.56	155.59	152.60	160.63	160.65	222.37	154.82	220.22
Belgium (47)	130.43	+0.9	114.15	111.67	117.75	114.99	+0.8	5.15	129.23	113.24	111.05	116.90	114.09	151.20	118.04	141.03
Canada (114)	138.75	−0.7	121.44	118.80	125.26	114.69	−0.6	3.30	139.78	122.48	120.11	126.44	115.44	142.27	126.49	133.84
Denmark (37)	252.30	−0.1	220.82	216.03	227.78	230.26	−0.1	1.54	252.57	221.31	217.05	228.48	230.50	270.56	217.74	256.88
Finland (16)	94.62	−0.7	82.82	81.02	85.43	83.93	−1.0	2.87	95.30	83.51	81.90	86.21	84.76	125.15	89.53	120.79
France (109)	137.42	−0.3	120.27	117.65	124.05	127.18	−0.5	3.49	137.82	120.76	118.43	124.66	127.77	152.28	119.11	138.97
Germany (65)	108.74	−0.4	95.17	93.12	98.17	98.17	−0.6	2.29	109.22	95.71	93.88	98.80	98.80	125.35	94.15	120.97
Hong Kong (55)	166.64	−0.5	145.84	142.67	150.45	166.02	−0.5	4.25	167.45	146.72	143.90	151.48	166.86	169.98	119.62	124.38
Ireland (18)	157.00	+0.2	137.41	134.43	141.74	143.61	+0.2	3.48	156.61	137.23	134.59	141.68	143.30	182.46	132.88	148.52
Italy (77)	72.57	+0.4	63.51	62.13	65.51	70.20	+0.3	3.33	72.25	63.31	62.09	65.36	70.00	88.23	64.76	89.46
Japan (474)	126.73	+0.0	110.91	108.50	114.42	108.50	−0.3	0.78	126.69	111.01	108.87	114.62	108.87	146.97	118.23	124.92
Malaysia (68)	209.37	+0.5	183.24	179.26	189.02	224.33	+0.5	2.55	208.32	182.54	179.01	188.45	223.20	247.78	189.18	220.44
Mexico (16)	1226.13	+0.6	1073.11	1049.61	1106.95	4086.77	+0.6	1.33	1218.77	1067.93	1047.36	1102.53	4062.24	1226.13	534.45	508.45
Netherland (31)	139.27	+0.3	121.89	119.24	125.73	124.33	+0.1	4.31	138.87	121.69	119.34	125.63	124.23	145.73	125.70	138.25
New Zealand (14)	46.94	+1.0	41.08	40.19	42.38	43.33	+0.5	7.03	46.49	40.74	39.96	42.06	43.09	54.64	41.18	61.94
Norway (31)	199.26	−0.4	174.39	170.61	179.90	183.64	−0.5	1.54	199.99	175.24	171.87	180.92	184.52	223.24	178.58	288.63
Singapore (38)	198.20	+1.1	173.47	169.70	178.94	156.87	+1.1	2.27	196.11	171.84	168.53	177.40	155.22	208.25	151.63	173.44
South Africa (61)	240.05	+0.4	210.09	205.53	216.71	170.64	+1.3	3.20	239.20	209.60	205.56	216.38	168.40	258.85	173.00	176.51
Spain (53)	151.88	−0.2	132.92	130.04	137.11	124.67	−0.1	4.31	152.12	133.30	130.73	137.61	124.75	171.12	131.51	150.91
Sweden (25)	187.93	−1.5	164.47	160.91	169.67	175.48	−1.7	2.53	190.81	167.20	163.98	172.62	178.46	204.12	146.60	198.01
Switzerland (58)	92.57	−0.1	81.02	79.27	83.59	87.46	−0.3	2.20	92.70	81.23	79.67	83.87	87.76	100.67	82.17	95.70
United Kingdom (240)	180.92	+0.0	158.34	154.89	163.32	158.34	−0.1	4.65	180.91	158.52	155.45	163.64	158.52	187.44	156.27	163.52
USA (527)	158.33	−0.6	138.57	135.57	142.95	158.33	−0.6	3.06	159.25	139.54	136.86	144.07	159.25	161.02	125.95	130.72
Europe (827)	140.64	−0.1	123.09	120.42	126.98	125.58	−0.2	3.81	140.73	123.31	120.94	127.31	125.83	151.52	125.50	139.87
Nordic (109)	185.02	−0.7	161.93	158.42	167.04	164.24	−0.8	1.97	186.37	163.31	160.16	168.60	165.58	200.81	155.55	200.17
Pacific Basin (718)	128.39	+0.1	112.37	109.93	115.91	110.51	−0.3	1.13	128.30	112.42	110.26	116.07	110.85	145.92	117.86	125.54
Euro – Pacific (1545)	133.57	+0.0	116.90	114.36	120.58	117.23	−0.3	2.25	133.55	117.03	114.76	120.81	117.54	147.68	121.29	131.76
North America (641)	157.05	−0.6	137.45	134.48	141.81	155.38	−0.6	3.08	157.97	138.42	135.77	142.93	156.29	159.86	125.91	130.81
Europe Ex UK (587)	116.93	−0.1	102.34	100.14	105.59	108.64	−0.3	3.15	117.07	102.58	100.62	105.93	107.12	129.80	103.58	124.90
Pacific Ex. Japan (244)	144.92	+0.4	126.83	124.10	130.84	128.76	−0.1	4.25	144.36	126.49	124.07	130.60	128.84	147.60	111.40	132.12
World Ex. US (1736)	135.53	+0.0	118.62	116.05	122.36	118.67	−0.2	2.30	135.53	118.76	116.48	122.61	118.95	148.16	122.32	132.48
World Ex UK (2023)	138.53	−0.2	121.24	118.62	125.08	128.35	−0.4	2.33	138.87	121.68	119.35	125.64	128.86	145.77	120.06	127.64
World Ex. So. Af. (2202)	141.57	−0.2	123.90	121.22	127.82	130.81	−0.4	2.58	141.88	124.32	121.94	128.36	131.32	148.66	122.92	130.55
World Ex. Japan (1789)	151.76	−0.3	132.82	129.95	137.03	143.69	−0.4	3.38	152.26	133.42	130.86	137.76	144.23	152.83	126.69	135.19
The World Index (2263)	142.21	−0.2	124.46	121.76	128.39	131.16	−0.4	2.58	142.52	124.88	122.48	128.93	131.64	149.01	123.28	130.82

Latest prices were unavailable for this edition.